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# WAR EMERGENCY—ADMISSION OF FOREIGN SHIPPING TO THE COASTWISE TRADE

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## HEARINGS

BEFORE THE

## COMMITTEE ON THE MERCHANT MARINE AND FISHERIES

HOUSE OF REPRESENTATIVES

SIXTY-FIFTH CONGRESS

FIRST SESSION

ON

### H. R. 5609

A BILL GIVING THE PRESIDENT POWER TO PERMIT VESSELS  
OF FOREIGN REGISTRY TO ENGAGE IN THE COASTWISE TRADE  
OF THE UNITED STATES DURING THE PRESENT  
WAR OR EMERGENCY

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### PART 1

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## WAR EMERGENCY—ADMISSION OF FOREIGN SHIPPING TO THE COASTWISE TRADE.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,  
*Washington, D. C., September 6, 1917.*

The committee met at 10.30 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Gentlemen, the hearing is on H. R. 5609, a bill giving the President power to permit vessels of foreign registry to engage in the coastwise trade of the United States during the present war or emergency, which was set down for to-day at 10.30 o'clock. I was not in the city at the time the date was fixed for the hearing, but the clerk of the committee wrote me, after consultation with Mr. Hardy, the ranking member of the committee, that the hearing was set for to-day.

I had information to the effect that interested parties wished to be present and heard, and I understand there are parties here to-day. Mr. Huger, chief counsel for the Shipping Board, is here representing the board, and we would be very glad to hear from him.

This bill had its genesis with the Shipping Board and the Department of Commerce. I know that the Secretary of Commerce, Mr. Redfield, for many months past has been urging legislation along the lines proposed in this bill. My attention was called to it by the President and the suggestion made that we give the bill early consideration.

Mr. Huger, we will now be glad to hear from you.

### STATEMENT OF ALFRED HUGER, ESQ., ADMIRALTY COUNSEL, UNITED STATES SHIPPING BOARD.

Mr. HUGER. Mr. Chairman and gentlemen, in this crisis in shipping as soon as the Shipping Board had surveyed generally the probable tonnage requirements for the Army and Navy and for the keeping up of our industries, it became apparent that it would soon be essential to take many ships from our coastwise trade for use in the trans-Atlantic service, and that there would result a very rapid depletion of the tonnage in the coastwise trade, with its resultant hardship. Just when that depletion would take place to a seriously harmful extent the Shipping Board was unable to tell.

We found it would be, in the first place, beneficial to make reciprocal arrangements on the Great Lakes, so as to allow certain foreign registered vessels in the Great Lakes to trade on our coasts. It became apparent also that as we put our coastwise ships in the trans-Atlantic service we would then have to use foreign registered vessels

in the coastwise trade as opportunity would permit their use from time to time. For instance, a vessel coming from Chile, bringing a cargo of nitrates to Charleston or to Savannah or some other port along the South Atlantic seaboard might have available space to take cargo for some other American port farther north, to replace, say, the service of a vessel engaged in the coastwise trade and which had been diverted to be sent into the foreign trade for military or other purposes.

At this very time a number of vessels are being taken from the coastwise trade and put into war service. At this moment I have in mind as illustrations two things that could be done by vessels under foreign registry where coastwise ships are not available. A vessel has been taken from the coal trade between Atlantic ports and Boston. A foreign registered vessel is available for 10 days, say, to carry coal from, say, Newport News to Boston. We can not use that vessel in this service under the present law. The foreign-built vessel had been destined upon a voyage to South America, but that voyage has been broken up and the charter lost to the charterers by reason of our requisition. The ship could not be used immediately by the Government. The Government, during the delay, is sustaining a severe loss. If we could use her in taking coal, there would be a very great saving of money and a consequent aid to industry by supplying this coal.

I have in mind another case of a vessel that could be used from Port Sabine, Tex., for bringing ore to New York. That vessel, however, can not be used under our law in this service. One vessel, fortunately, we have used. That vessel could not be used for, say, 20 days, and we were fortunate enough to secure a charter for her to take coal to Cuba. We saved the Government about \$50,000 in this case.

Now, this measure, this bill which has been referred to, is distinctly a war measure—distinctly a war measure to meet the tonnage requirements and is a part of a general plan to conserve tonnage and relieve traffic congestion. It says that during the present war or emergency, the President may, if in his opinion the interests of the United States shall require, permit by proclamation foreign-built vessels and vessels of foreign registry to engage in the coastwise trade of the United States, within such limits and under such conditions as he shall deem wise.

It seems to me that our vision ought to be projected beyond all questions of individual interest at this time and consider the general need in this emergency. It is the purpose of the Shipping Board to conserve all American interests, shipping interests, shipowners' interests, and the interests of the industries that are supplied by these ships. Those interests would be best conserved, at this time, in the judgment of the Shipping Board, by a permission to use, under such restrictions as the President might indicate, during this present war or emergency, foreign-built and foreign-registered ships in our coastwise trade.

There is an amendment introduced by Senator Jones which might, in the opinion of the Shipping Board, defeat the purpose which the bill has in view. This amendment, for instance, suggests that these vessels should only be operated when under charter or owned

by American citizens or American corporations whose president and a majority of whose directors are American citizens. Now, there are two principle objections to that feature of the amendment. First, it would probably defeat the purpose of the bill so far as the Great Lakes are concerned. Here is a vessel with a general cargo that touches American ports. She has a cargo for two ports. She discharges part of her cargo for the port X and there happens to be cargo which she could take to port Q—a very necessary cargo for port Q—but unless she is under charter to American citizens she could not take this cargo. Second, it would have the same effect as to ocean coastwise trade. In other words, if the vessel is permitted at all to do the work of a general ship, she ought not to be required to be under charter in this war or emergency to American citizens. It would make the scheme impracticable. Now, in line 6, the suggested amendment proposes to strike out the words “to engage” and to insert the words “to be operated.” I do not myself quite know just what that means unless it be for the purpose of distinguishing between operation and engagement; in other words, that they shall not actually engage in commerce. The word “operate” might mean that she could be run by American citizens in the trade. I say I do not quite get the distinction between the words “engage” and “operate,” unless it is meant to put the shipping interests on notice that such vessels can not “engage” generally in coastwise commerce.

There is also a proviso “that the authority herein given shall not extend to trade with Alaska or between Alaskan ports.” I really do not know about that trade. The Shipping Board would like to know the difficulties that may be met there. There is a gentleman here from that coast who can probably enlighten us on that. But the principal thing to the Shipping Board is their idea to conserve tonnage and the interests of the shipowners and aid in sustaining industries during the war. The President could prescribe the limits that would protect our coastwise shipowners, and the Shipping Board would be there always to hear from the shipowners upon any question that might come up, arising out of the use of such vessels in our coastwise trade to the detriment of American shipowners.

MR. EDMONDS. Might I ask you there whether the Shipping Board has had any demand at all from anybody for the use of ships on any of these lines?

MR. HUGER. We are getting ready for an emergency.

MR. EDMONDS. But have they had any demand?

MR. HUGER. No; not that I know of; not to my knowledge.

MR. EDMONDS. There has been no request even on the Great Lakes?

MR. HUGER. Not that I know of.

MR. EDMONDS. Nobody has asked for permission to use the boats in different trades?

MR. HUGER. The British Government was the first, I believe, to take action along this line.

MR. EDMONDS. The British Government has already given American boats the privilege of trading between Canadian ports.

MR. HUGER. Yes.

MR. EDMONDS. I understand so, anyway.

MR. HUGER. Yes.

The CHAIRMAN. How is that, Mr. Edmonds?

Mr. EDMONDS I understand the British Government has already given American boats the privilege of trading between Canadian ports; in other words, they have opened their ports to American ships.

Mr. WHITE, Jr. But that is confined to the Great Lakes.

Mr. EDMONDS. It is confined to the Great Lakes, so far as I know; maybe it extends to Alaska also.

Mr. HUGER. We have at this time a representative of the Shipping Board in Cleveland making a study of the tonnage on the Great Lakes, with a view of changing the vessels over and making them available for over-seas transportation. There would be a number of vessels available, under certain circumstances, for over-seas transportation, and the tonnage on the Great Lakes would be considerably depleted by the use of those vessels when they are taken away.

Mr. ROWE. Have the Canadian Government taken any of their vessels operating on the Great Lakes for use in sea transportation?

Mr. HUGER. I do not think they have, but I do not know as to that.

Mr. ROWE. Have they taken any vessels belonging to the Canadian Pacific, in the Alaskan waters or Pacific coast waters, and used those vessels for general commerce crossing the sea?

Mr. HUGER. I do not know.

Mr. EDMONDS. I will answer Mr. Rowe's question. For a time the Canadian Pacific's steamers trading from the Orient to the Pacific coast were used, probably for transport purposes of some kind; but I believe they are back in their regular runs now. Whether they are the same ships or new ships or smaller ships I do not know.

Mr. HUGER. It is what is being done now and what may be done in the future during this emergency that we are interested in.

Mr. ROWE. I thought, perhaps, in looking the matter up you were familiar with that question.

Mr. HUGER. As to the Alaskan trade, I really do not know.

Mr. HARDY. You spoke about the English Government giving permission for our ships to trade in their Great Lakes ports; that is, between them, but not otherwise. As a matter of fact, our ships have a right to trade between all ports of Great Britain, anyhow, haven't they, except those Canadian ports?

Mr. HUGER. Yes; that is true.

Mr. HARDY. So that if given now the Canadian ports on the Great Lakes, then our vessels have a right to trade between British ports everywhere, unless it is on the Pacific or Atlantic Canadian coasts?

Mr. HUGER. That is true.

Mr. EDMONDS. Do you understand Mr. Hardy, that American ships can trade between England and Canada?

Mr. HARDY. Certainly; that is my understanding, without any question; but they can not trade, possibly, between Canadian ports on the Atlantic or Pacific or on the Great Lakes between Canadian ports.

Mr. EDMONDS. I am very much of the opinion you are wrong there. I believe Canada is one of the places that does not allow American trading ships to trade between England and Canada.

Mr. HARDY. Between its own ports.

Mr. EDMONDS. No; between Canada and England.

Mr. HARDY. I think they can trade between England and Canada.

Mr. EDMONDS. I am not so sure about that.

Mr. BANKHEAD. Do you know, Mr. Huger, whether or not that is a fact?

Mr. HUGER. Whether our vessels have a right to trade freely with Canada?

Mr. HARDY. No; whether United States vessels can trade between England and Canada?

Mr. HUGER. I do not know what the present law is on that.

Mr. HARDY. That has always been my understanding. Canada is an autonomy of its own and regulates its own internal affairs; but England has given, by comity, almost all nations the right to trade in the British coast trade.

Mr. EDMONDS. That is true of the British Islands; but I am under the impression that either Canada or England has restricted their trade to commerce with them, in regard to their coastwise business.

Mr. WHITE, Jr. Did not Canada pass a coastwise law a few years ago?

Mr. HARDY. That would only affect her own coast, I imagine.

The CHAIRMAN. My understanding is American vessels may not trade between Canadian ports on the Atlantic and Pacific, or on the Great Lakes. Nor can Canadian vessels trade between American ports. But, as I understood, Judge Hardy's proposition was American vessels trading between American or British ports and Canadian ports.

Mr. HARDY. Yes; that is the point.

Mr. HUGER. The very important thing, it seems to me, is that we should be prepared to take and handle our cargo when necessity arises; and if as I am informed our rails are becoming congested by reason of a depletion of the coastwise tonnage, and we should find ourselves in an emergency where we can not take our trade, it would be a most serious condition for the country to face.

Mr. EDMONDS. Right on that point let me ask you a question. I will illustrate a little bit. We passed an immigration law, and the President suspended it and allowed Mexicans to come in and pick the cotton crop in Texas and possibly to do some other work. We passed a seamen's law. Several portions of that law have been a dead letter. They have not been taken up by the department at all or operated under at all, because they found they could not be operated under without killing off all of our marine. Now, if we should face an emergency of this kind, couldn't you do the same thing without legislation by Congress, and do you think any question would be raised?

Mr. HUGER. I do not know. We have a question now about a foreign registered vessel bringing cargo from Texas to New York City. The board does not want to urge the violation of the law.

Mr. EDMONDS. The law seems to be violated whenever necessity requires it. The President seems to be able to violate the law in bringing Mexicans into Texas to pick the cotton crop.

Mr. HARDY. I doubt that there has been any violation of the law by the President of that kind.

Mr. EDMONDS. You know very well the President issued an order to that effect.

Mr. HARDY. You said before that the President issued an order violating the law.

Mr. EDMONDS. Suspending the operation of the law, which is the same thing. I can not see any difference.

Mr. HARDY. You spoke of the seamen's law. The suspension of certain provisions of that law was authorized by the law itself, so that suspending them was not a violation of the law.

Mr. WHITE, Jr. We recently passed an act authorizing the President to take over German ships in American ports; and, as I remember it, that act authorized their employment in the coastwise trade?

Mr. HUGER. Yes.

Mr. WHITE, Jr. As a matter of fact, have any of those vessels been utilized in the coastwise trade?

Mr. HUGER. Sixteen and more of those ships have been transferred to the Navy and some taken over by the Army. A number are in the trans-Atlantic service; some of the ships are being used in the trans-Pacific trade. I do not think any of those ships are going to be used in the coastwise trade; but there is no reason why they should not be used in the coastwise trade, because they are American vessels, and the shipping act permits such use.

Mr. WHITE, Jr. But we did authorize you to take over those foreign ships, amounting to some 600,000 tons, or more, for use in the coastwise trade.

Mr. HUGER. Not for the coastwise trade alone, but for general use, though they may be so used.

Mr. WHITE, Jr. They are permitted to be used in the coastwise trade?

Mr. HUGER. Yes; we have a right to use them in that trade.

Mr. WHITE, Jr. Of course it is generally true that we have not enough ships for the trans-Atlantic trade.

Mr. HUGER. There is a very serious shortage.

Mr. HARDY. Isn't the fact simply this, that right now we are badly needing every possible facility and the aid and use of every transportation facility we have or can get? And if we had a boat going from New York to Galveston without getting a cargo—although there is a cargo there, it must go empty because of our laws—isn't it cutting our own nose off to spite our face?

Mr. HUGER. Exactly, sir.

Mr. HARDY. Because of some theoretical, obsolete objection, or rather an objection to allowing foreign ships to enter our coast trade, based on normal conditions. Now, when all of the rails are congested with freight we make them go empty, from cities like New York to Galveston, Mobile, or Savannah, because of this old law. And we can not use foreign vessels to relieve the congestion; that is the condition?

Mr. HUGER. That is the condition.

Mr. EDMONDS. In that connection, about the shortage of vessels, if the chairman will permit me, I would like to put in the record an article taken from a newspaper, in which it states that Robert Dollar, head of the Dollar Steamship Line, who several months ago made a trip to the Orient, landed a few days ago at Vancouver, B. C.

He announced that all of the fleet of 12 German vessels interned at Manila and seized by the United States upon the declaration of war had been secured for the United States trans-Pacific trade; that it is understood that half of the ships would be assigned to the Dollar Line and the other half to the Pacific Mail Steamship Co., which already has several of the vessels on charter. So evidently they are not so short of tonnage as you thought, in that trade.

Mr. HUGER. But we are taking ships for use in the over-seas trade every day.

Mr. WHITE, Jr. It is true that ships have been ordered from the coastwise trade and are being used in the foreign trade?

Mr. HUGER. Yes, a great many; and every day we are taking more of them. And we do not know when the crisis will come and we want to be prepared.

Mr. WHITE, Jr. So that you are seeking to meet an isolated case?

Mr. HUGER. We are seeking to meet a pending dangerous emergency.

Mr. WHITE, Jr. And you have spoken of two instances.

Mr. HUGER. Those instances are illustrations I happen to know of my own knowledge. They have been brought to my personal attention. We can not use those vessels to-day, although we could use them to great advantage, both as to saving money and performing service.

Mr. ROWE. Why would not a bill to authorize the President or the Shipping Board to waive the penalty and permit a ship to do special work in the coastwise trade answer your very purpose during the war? You see, the penalty is something like the cargo and the vessel.

Mr. HUGER. It would seem to me it would be the broader thing not to do indirectly what we should do directly. That is the way it strikes me, as you put the question.

Mr. HARDY. The difference in effect, Mr. Rowe, would be this, that you would call on the President to waive the penalty instead of suspending the law.

Mr. ROWE. If he is authorized to waive the penalty, they could apply to the Shipping Board on every one of those things, and that waiver would come very readily during the war; but that would not change the law at all, it would not be suspending the law.

Mr. HARDY. Oh, yes; it would be temporarily suspending the law, which is largely what we are aiming to do in this bill.

Mr. ROWE. That is exactly what you are aiming to do in this bill.

Mr. HARDY. Oh, no; this bill is broader than that.

Mr. EDMONDS. I would like to ask Mr. Huger regarding a change or amendment to the bill which I am going to propose. Do you suppose if we gave to the President, in his opinion the interests of the United States shall require, the privilege of giving special permits to vessels which will be valid for the particular voyage, excepting on the Great Lakes, and on the Great Lakes giving them a three months' privilege, to be renewed every three months—do you think that would fill the bill?

Mr. HUGER. I think anyway in which we could use the tonnage might be satisfactory. I question whether, as a practical matter, handling it in that way could be done speedily enough to save vessels delay and serve the purpose. For instance, if we were called

upon on in each case to investigate the details of the particular shipment to determine whether or not it should be allowed or whether we should confer with coastwise shipowners to determine whether or not we ought to allow that cargo to come forward, it might cause a serious delay. I am quite sure that in any arrangement whereby the Shipping Board, through cooperation with the shipowners, could protect the coastwise ships from being denuded of their coastwise business, the Shipping Board, under such authorization as appears to meet the difficulties under this bill, will be glad to and would cooperate, because that is the purpose of the board.

Mr. EDMONDS. Supposing the customhouse at Galveston should wire you there was a ship there, a foreign ship, which could load a certain tonnage, and there was no other ship to take it, and it wanted the cargo to be moved, and you wire back "Load it."

Mr. HUGER. Yes.

Mr. EDMONDS. You would give a special license; the customhouse would be permitted, by special license, to permit them to load that cargo, and at the end of the voyage the license becomes void. Why could not that be done? That would not be a very hard matter; it would not be probably anything more than you have to do under the regulations. And you see we do not want to leave everything to the President in the war; he has too much to do now.

Mr. HUGER. That could be left to any department; it should be left by the President to the Shipping Board, by delegation of the power under this act. The President might fix the limits, as suggested in the act, in order to provide a certain *modus vivendi* that would cover cases of coastwise shipping. The board could make the rules.

Mr. EDMONDS. The collector of customs of the port could find out whether there was any real, genuine, coastwise ship to take this cargo; and then, if not, to wire you and get such permission.

Mr. HUGER. I am in position to say that I think the Shipping Board would be better able to do that than the collector of the port. There is a plan now being worked out to have a chart made so that we can know any time just where any ship is. We shall ourselves know not only where a ship is but where she is bound. So we should be in better position to know that, perhaps, than the collector of the port. If, however, there was any question, we would certainly get the collector of the port to aid us. But it seems to me that we ought not to limit it so that every small piece of cargo would have to have a license, as it would be a serious handicap; although the principle underlying your suggestion, I think, is all right.

Mr. HARDY. Isn't it a fact that this would cut through the red tape for the thousands of instances incident to having a law under which you have to wire for permission every time you wanted to use a foreign ship? That would be a very handicapping arrangement, anyhow.

Mr. HUGER. I think it would be.

Mr. HARDY. Every time a condition arose you would have to appeal to the authorities, to the powers that be, and maybe it would take a week to get it through.

Mr. HUGER. I think the Shipping Board should be trusted in these matters to protect the interests of all concerned.

Mr. HARDY. Except for the limited interest of coastwise shipowners, who are diverting their vessels frequently to the better-

paying trans-Atlantic trade, is there any reason in the world for not letting this cargo space be filled with freight that is demanding transportation?

Mr. HUGER. I can not see any. I assume that the only men who might be in opposition are those who might claim that it would be an injury to the business of coastwise shipping by allowing a foreign registered vessel to carry their tonnage.

Mr. HARDY. It is no longer a question of interfering with the shipbuilding interests. Our yards are as full as they can be with orders now. It is only a question of interfering with the rights of certain ships to an exclusive monopoly of the transportation between our ports. That is all there is to it.

The CHAIRMAN. As I understand, the situation is this: By employing all the ships now in the coastwise trade there is a shortage of tonnage to move the traffic in the coastwise trade; and it is only to meet that condition and where a foreign ship may be in an American port and have cargo space available, in which she may carry cargo from that port to another American port where there is no domestic tonnage available for that purpose, that the foreign ships may be utilized.

Mr. HUGER. Yes.

The CHAIRMAN. Now, I think the Shipping Board should make it apparent to this committee, if it can, just what the conditions are; what the necessities are. I am sure that no member of the committee has any disposition to do anything that would militate against the interests of our own shipping; that would take away from our own vessels under the American flag freight that they can handle and give it to foreign lines. It is only where our domestic ships can not aid us, in the interests of our own commerce in the coastwise trade, that we aim as an emergency matter to use this foreign tonnage. I understand that to be what the board has in mind.

Mr. HUGER. Yes.

The CHAIRMAN. Now, on the Great Lakes—I had a conversation some time ago with the Secretary of Commerce regarding conditions on the Great Lakes. The vessels come down from Duluth laden with wheat and ores. They go back laden, for the most part, with coal. While the shortage of tonnage in past years did not exist, I understand it does exist now, but to what extent I do not know; and the shortage of tonnage not only prevents the movement of ores and wheat from the Northwest, but it prevents the return cargoes of coal; and the shortage is felt not only in our own ports on the Great Lakes, but on the Canadian side as well. And for that reason the Canadian Government has already, by decree, authorized American vessels to engage in their coastwise trade, because they need the tonnage; they need that help. Now, whether we need their help or not, I do not know. But if we do, and if by this interchange of tonnage or use of tonnage we can promote the interests of both countries during the period of the war, I would not think any preconceived notion, that there should be reserved to American-built vessels the American coastwise trade, should stand in the way of a war emergency. But that situation ought to be made clear to the committee.

There is just one other point. When I introduced this bill, which was sent to me by the Shipping Board, I called attention to the fact that while by the terms of the bill vessels of foreign registry might,

under its provisions, be admitted to the coastwise trade, yet its provisions were not broad enough to admit foreign-built vessels, which are permitted to register under the act of August 18, 1914, for the foreign trade, to come into our coastwise trade. It would not give them the same privilege, although they are American owned. And for that reason an amended bill was sent down here to me, and also to Senator Fletcher, of the Senate Committee on Commerce, to cover that inadvertent discrimination. Senator Fletcher introduced the amended bill in the Senate; but I did not introduce it in the House. I thought I would wait until we came to consider the bill. The amended bill in the Senate is 2733. It provides:

That during the present war or emergency the President may, if, in his opinion, the interests of the United States so require, permit by proclamation foreign-built vessels registered under the laws of the United States and vessels of foreign registry to engage in the coastwise trade of the United States within such limits and under such provisions as he shall deem wise.

I could not see any reason why those vessels admitted to American registry under the act of August 18, 1914, should not have the same privileges in the coastwise trade as vessels under foreign registry.

Mr. ROWE. You refer to vessels of Norwegian owners being built here at the time the war broke out or in our ports—vessels being built for the Norwegians, the English, and others?

The CHAIRMAN. Oh, no; right at the beginning of the war in Europe we passed the act of August 18, 1914, by which foreign-built vessels owned by American citizens might be admitted to American registry for the foreign trade. For instance, the United Fruit Co.'s vessels, the Standard Oil vessels, and the United States Steel Corporation's vessels had been built abroad, and they came under American registry under that act but were limited in their activities to the foreign trade. I say there is no reason, if we admit vessels of foreign registry to the coastwise trade, why those other vessels should not, if available, also be admitted to the coastwise trade. As a matter of fact, I assume they are all actively engaged now in the foreign trade; but they might be in an American port and go empty from one port to another. And they should have the same privilege anyhow, as they are American owned.

Mr. HARDY. In other words, if we had a foreign vessel there and one of our own registry, but both built foreign, they should have the same privilege whether they are foreign owned or not—there is no reason why they should not have the same privilege.

The CHAIRMAN. Yes; that is what I am trying to make plain. Are there any other questions of Mr. Huger? If not, we will hear from some one else, and I will ask the Secretary of Commerce to come later and give us such suggestions as he has to offer.

Mr. WHITE, Jr. I have one or two questions which I should like to ask. What was the coastwise tonnage at the outbreak of the war in 1914, if that information is available?

Mr. HUGER. I have not those figures with me, but I can get that tonnage for you.

Mr. WHITE, Jr. What is the coastwise tonnage now, or what are the last figures you have?

Mr. HUGER. I have some figures here, but I do not know whether I should give the information out publicly or not.

Mr. WHITE, Jr. Has there been any increase or decrease in the coastwise tonnage during the war?

Mr. HUGER. There is some increase in tonnage of ships having the privilege of engaging in the coastwise trade, but the exact amount I do not know.

Mr. WHITE, Jr. Exclusive of the 600,000 tons of the foreign ships we took over?

Mr. HUGER. Yes; exclusive of them.

Mr. WHITE, Jr. There has been an increase in the tonnage of the coastwise trade during the war exclusive of that?

Mr. HUGER. Yes.

Mr. EDMONDS. You mean tonnage?

Mr. HUGER. Yes.

Mr. HARDY. Those foreign vessels would not go in the coastwise trade under that.

Mr. HUGER. They can.

Mr. HARDY. They can, but there are not any of them being utilized for that.

Mr. HUGER. They are not available for that; they are in other service.

Mr. ROWE. They are mostly deep-sea vessels, so they are not used in the coastwise trade.

Mr. WHITE, Jr. The thing about this that troubles me is that you have 600,000 tons of these foreign ships authorized to be used in the coastwise trade which you are not utilizing in that trade, and you have the increase which has come in the coastwise tonnage; nevertheless, you now propose, as I get it, to strike down a policy which has been adhered to for a hundred years to meet these isolated instances, which is a thing I do not like to see done, because whether it is an obsolete policy or not it has worked well.

The CHAIRMAN. The point is this: We took over 600,000 tons of German ships. Under the provisions of the law they may be used in the coastwise trade, but they are in fact used in the over-seas trade. And we have taken off other vessels in the coastwise trade, and we are also building vessels and putting them in commission as rapidly as we can. But they do not add anything to our coastwise trade in fact, although they have the privilege of the coastwise trade for the period of the war.

Take the American-Hawaiian steamships. There were 27 of those vessels, a very fine type of ship. They were formerly engaged in the coastwise trade, but after the war began they were diverted to the foreign trade. And there has been that loss to the coastwise trade. Then you take vessels belonging to the regular lines in the coastwise trade. At the instance of the Government, to meet the emergency, the owners consented that their best ships, their most seaworthy ships, might be diverted to the foreign trade, and they are lost to the coastwise trade during this emergency or during the period of the war. Many of them are being utilized as transports now for our troops and for other Army and Navy purposes. It is the withdrawal of the ships in the coastwise trade for foreign service and to meet the losses by the submarines that this temporary emergency is created, as I understand it.

Mr. HARDY. Mr. Chairman, isn't it correct that at present of the ships actually engaged in our coastwise trade there is a decrease in the tonnage rather than an increase since the war?

The CHAIRMAN. Oh, yes.

Mr. WHITE, Jr. This gentleman just said there was an increase.

Mr. HARDY. I want to call attention that there is an increase in the tonnage for the coastwise trade of every ship that has the coastwise privilege, but there are a whole lot of ships that have been diverted to the foreign trade, and actually there is a decrease in the tonnage engaged in the coastwise trade.

Mr. WHITE, Jr. Is there any decrease in that?

The CHAIRMAN. Every ship built in the United States is entitled to registry for the foreign trade and the coastwise trade, and our tonnage has increased.

Mr. WHITE, Jr. Is there any increase or has there been a decrease of the tonnage actually in use in the coastwise trade?

The CHAIRMAN. I think that information ought to be available, and before we get through with these hearings I hope to have it.

Mr. HARDY. That was the proposition the chairman stated a minute ago—that the Shipping Board ought to show us.

Mr. WHITE, Jr. Oh, yes; I think we ought to have the information.

The CHAIRMAN. I would like to say, if there is any other member of the Shipping Board that has any information on that subject, I would be very glad if Mr. Huger would suggest to the Shipping Board that they come before the committee and present it; and I will also suggest to the Secretary of Commerce that some one representing the Department of Commerce come before us, because all of the data regarding vessels in the coastwise trade are kept by the Bureau of Navigation, and Mr. Chamberlain ought to have that information.

Mr. HUGER. I have here a list of vessels which we have taken out of the coastwise trade and are using in the over-seas trade, but I hesitate to give the names of those vessels and their tonnage in a public hearing at this time. I do not know whether it ought to be done advisedly.

Mr. EDMONDS. Have you a list also of the ships that have entered in the coastwise trade?

Mr. HUGER. No.

Mr. EDMONDS. There are quite a few of them.

Mr. HUGER. There have been some vessels, I think.

#### STATEMENT OF EDWARD C. PLUMMER, ESQ., OF BATH, ME., REPRESENTING THE ATLANTIC CARRIERS' ASSOCIATION.

Mr. PLUMMER. I am here representing the Atlantic Carriers Association, an organization of sail and steam freighters. I should have preferred to have waited until the Secretary had been before the committee, because I took up the matter of this bill at the recent conference which the Secretary of Commerce had with the ship men and with the seamen, and the Secretary at that time personally assured me (although publicly in the meeting he called me by name) that this bill was only intended to cover emergencies, and he recited what they were.

The statement which has just been made confirms such information as I have been able to get, namely, that there are only isolated cases where this law would be of any use, and I assume that we will all agree that isolated cases are not sufficient justification for repealing a law which has proved its benefit for a hundred years. It has been referred to as obsolete, but if it had not been for that obsolete law the great American-Hawaiian Steamship Co.'s fleet would never have been in existence. If it had not been for the assistance which the Government gave, several of those ships which recently carried our troops to France would not have been in existence.

Now, it seems to me the first question this committee will meet is this: Are the advantages which will come from this bill sufficient to justify the sacrifice we must make? I assume the people in this marine legislation do not want to repeat the old Chinese trick of burning down a house every time they want a little roast pig; and I submit whether there is not another way in which the isolated cases which arise here can not be dealt with. I know and every practical ship man knows that we need officers. There is a lack of officers. I recall the case of a Miller & Houghton vessel a little while ago, of a little auxiliary schooner down in New Orleans which could not get a third engineer. As a matter of fact, it is hard work to get these expert officers. They simply telegraphed up to the commissioner of navigation and down went a telegram to the collector of the port at New Orleans and out went the vessel.

Now, for emergency vessels, for an emergency situation, every practical ship man knows it would only be necessary, as has been suggested, for a telegram to come up here that such a vessel, at such and such a port, is available to carry cargo to Boston, and back goes a telegram issuing a temporary license, and it is all done.

Now, there are a number of questions which arise.

Mr. HARDY. Mr. Plummer, do you mean to say to-day, with the law positively prohibiting any vessels under foreign registry carrying freight between United States ports, that the department issues an order violating that law?

Mr. PLUMMER. Oh, no. I cited, as an illustration, what we did in the case of the seaman's law. You know your manning law requires a certain number of officers aboard a vessel.

Mr. HARDY. Yes; and the law authorizes the President to suspend the requirement in that regard.

Mr. PLUMMER. They have not suspended the law at all, but when it is shown to the commissioner of navigation that it is impracticable to get an officer there, down goes an order to let the vessel go without the required force which your law calls for.

Mr. HARDY. Under a provision of the law authorizing a suspension of that requirement.

Mr. PLUMMER. Yes. It is only a few years ago that a President of the United States thought it necessary to load a foreign vessel with coal at Norfolk and take it to San Francisco. That was contrary to the provisions of this very obsolete statute, but she was sent around, and that was all there was to it.

Mr. HARDY. When was that?

Mr. PALMER. That was about eight years ago.

Mr. HARDY. We had a President then who—

Mr. PLUMMER. We had a President who was somewhat active in those days.

They have referred to the Great Lakes business. It was only a few years ago that Canada passed her coastwise law. And we now allow Canadian vessels to carry between American ports on the Great Lakes, and Canada allows American vessels to carry between Canadian ports on the Great Lakes; but we have not repealed the statute. You refer to it as some old obsolete statute, but where the emergency is considered sufficient, cover that case and see that the work is done. So that I submit it is perfectly simple.

Mr. HARDY. Your proposition is, then, to leave the law on the statute books and violate it whenever it becomes necessary?

Mr. PLUMMER. Or, if you choose to put it that way——

Mr. HARDY. You put it that way.

Mr. PLUMMER. That is exactly like the question put to a man in court by a lawyer. He said, "Do you mean to say that you were sober at that meeting?" Of course the implication was that he was habitually drunk, and he had to answer that he was sober, which gave the wrong impression.

We are told now that this is a war measure. But you repeal this statute and what is going to follow after the war? That is the period we must look to. You can not find any general fleet of vessels ready to enter this coastwise trade, except certain ships that have an ulterior motive. I do not want to discuss certain international questions that will arise here, but the committee in executive session can go into it. I will just make this suggestion. Assume that the Chinese have developed in the last few years large Pacific liners, which have made old ships used in the Pacific trade (and there were hundreds of them) too small for that trade. They were, however, all right for our coastwise trade.

You gentlemen understand what has already been suggested, that the great ocean-going ships are not adapted for the coastwise trade. As the chairman suggested, the great German ships are not fit for the coastwise trade. One does not take a vessel engaged in carrying general freight to carry coal. Maybe she can not carry coal. You could not use the fruit line steamers to carry coal. A vessel has to be designed to suit the cargoes, and she has to be suitable for particular kinds of cargoes. Then, those vessels range from 2,000 to 6,000 tons. They are not economical to run in the ocean trade; but this law opens up the Pacific coast trade. We know the feeling regarding the Chinese on the Pacific coast; know the feeling of the seaman's union there. Suppose those ships go into that trade, then where are we? You are facing the same thing England faced when the seamen struck over there not long ago for certain reasons. Does anyone doubt to-day, truthfully, that the minute those Chinese or others like them go into competition with those men, that you will get an international situation that would not be justified by any little advantages that could come from this legislation? because the advantages will be little.

I am glad the Secretary is to be here. We should have, as the chairman suggested, these specific cases where this law will be beneficial.

Here, as the chairman just said, the Canadians are short of vessels on the Great Lakes, so they call in American vessels to help out.

If that is the case, can they spare any vessels to come down here? The trans-Atlantic freight rates are so high now that they are taking vessels from all directions. What neutral ship is going to give up that trade in order to engage in the coastwise trade now?

But after this war, when the commercial fight will then be on as never before, then if the United States has opened up its ports, has given these people who are at least commercially hostile to us a chance to become acquainted with the features of every one of our important harbors, know all of the currents, know the coast, know all that information which every practical seaman knows is of the highest value, however it may strike students—when we meet that proposition, then we will need the ships.

I have here a tabulation of the ships under the American flag showing what has happened since 1868.

• The CHAIRMAN. Let us not go into ancient history. Is there any present emergency; that is the only thing I think we ought to be concerned about. I think we are broad enough to say that; so don't waste our time by going into ancient history.

Mr. PLUMMER. I simply referred to that because the law has been referred to as obsolete, and I do not think it is.

The CHAIRMAN. I am frank to say I have never yet made up my mind that it is, and that is one question on which Brother Hardy and I never have been able to agree.

Mr. PLUMMER. Here is another point that certainly meets this very situation. The Shipping Board is going to have a great emergency fleet at some time, which will need to be manned. We raised this question over at that convention, and the situation is such that Mr. Furuseth made the proposition to Secretary Wilson that they change the rules and allow German and Austrian seamen to be engaged on our ships, because, he said, we needed the men. He realized the shortage. I was glad to see Secretary Wilson oppose such a proposition. Of course, ship operators, if simply selfishly acting in the matter, would want all the sailors there were, hostile or otherwise; but it is not their desire to have such men, and, as I said, the Secretary opposed it.

Now, as I said, the present situation is such that there seems to be an opportunity to build up the American merchant marine, because of the opportunity for young men to find positions there which will be attractive. At present wages aboard vessels in the coastwise trade—which is just as safe as operating on one of the street cars out here in this street—are from \$60 to \$70 a month, and there are opportunities to grow. That Americans will go to sea when there is a future for them has been proven time and time again by some ancient history. And now if they see there is to be this opportunity when the war closes, you will find plenty of young men going to sea, and we can man your emergency fleet. But the minute you open the coastwise trade, every practical ship man I am acquainted with says he does not believe you will ever be able to close it again; that international questions will come up, and that the coastwise fleet will follow the foreign fleet—disappear.

The CHAIRMAN. Do you mean to say as a lawyer and practical seaman that if this act were passed, limiting it to the period of the war, it would create any international question that would embarrass us after the emergency had passed?

Mr. PLUMMER. Oh, no, indeed, sir.

The CHAIRMAN. Then don't discuss that question.

Mr. PLUMMER. No, indeed; but I am telling you what practical ship men believe.

The CHAIRMAN. Well, maybe you taught them that.

Mr. PLUMMER. No; they taught me that before I came here.

The CHAIRMAN. That is a scarecrow I do not think exists. You ought to disabuse their minds if they entertain any such opinion as that.

Mr. PLUMMER. There are some men that do not believe any such result will follow. One of them is one of the managers of my association, Louis K. Thurlow, who last Monday bought a new ship because he believes if this law does pass—he does not think it will—but if it does, then the Government will be strong enough to repeal it. But there are other experienced men, like Winslow and Percy, of Bath, and others, who do not believe it, and, as a result, they are not building any ships for themselves; they are simply engaging in Government work.

But the point I want to make is this, that practically it does not matter whether a statement is true or false, so long as parties whom that statement is designed to affect believe it is false. It does not take much to scare young men from the sea. We have proven that. When the revival came in 1870, young men began to go to sea. That is all a matter of record. Then came the legislation of 1872 affecting shipping, and they stopped going to sea. But at present we have a school at Booth Bay Harbor, where the young men are getting ready to go to sea.

Mr. HARDY. What was the legislation of 1872?

Mr. PLUMMER. That was the first legislation which provided for a schedule of food and certain other conditions which certain shipping laws provided.

Mr. HARDY. You are aware there was no schedule of food prescribed that was not subject to alteration by the terms of the contract between the master and the seamen, are you not?

Mr. PLUMMER. I do not know of any such provision, but there may be.

Mr. HARDY. That is the statute; but when that says a certain schedule of food is to be provided, it is provided, however, that the terms may be altered by contract.

Mr. PLUMMER. Of course, all parties may agree to a contract; it is nothing mandatory.

Mr. HARDY. That law of 1872, you think, definitely—

Mr. PLUMMER. I am not indulging in ancient history; I am simply stating how little it takes to scare men from the sea, how that microscopic bit of legislation effected it at that time, and how little it takes. I am speaking from the record.

Mr. HARDY. Do you believe that had anything to do with stopping their going on the ships in the trans-Atlantic trade?

Mr. PLUMMER. There is not any question but what it did. I was brought right up among those people engaged entirely in the foreign trade.

Mr. HARDY. I am trying to find out what that schedule of food was that stopped seagoing.

Mr. PLUMMER. Why am I not a shipmaster to-day instead of a mere lawyer? Because I could not see any prospect there. And other men are just the same as I am. But, as I said, the point is not whether a statement is true or false, but do you want to do anything to discourage those young men coming to the ships to man these emergency vessels when you have to have them?

Mr. HARDY. Do you think any schedule of food scared any young men from the sea?

Mr. PLUMMER. I am not talking about that—

Mr. HARDY. That is what you said.

Mr. PLUMMER. I am talking about this law which you have under consideration here.

Mr. HARDY. But you are illustrating it by the law of 1872, which you say scared young men from the sea by the food schedule which it provided.

Mr. PLUMMER. I simply mentioned that as one of the features of the law of 1872 and say—

Mr. HARDY. What were the other features? I am trying to find out what that law was that killed our merchant marine.

Mr. PLUMMER. Another feature was the measurement law. We have been over this so many times, I know the judge will call me down, and I don't want to go into it now.

Mr. HARDY. I have challenged everyone for so long—

The CHAIRMAN. Is there any emergency for this legislation? That is what we want to find out now.

Mr. PLUMMER. The two points I want to make against this legislation are that, so far as I can learn, there are only isolated cases where the provisions of this law are necessary, and they can be met as they have been met heretofore; secondly—

The CHAIRMAN. Right at that point: You say they can be met as they have been met heretofore; in other words, any foreign vessel may be permitted to carry cargo from one American port to another and incur the penalties of the law, and then those penalties be remitted by the Secretary of Commerce?

Mr. PLUMMER. That is the way it has been done; and I would think that the suggestion the gentleman made here, that we arrange for special licenses, would be another way.

The CHAIRMAN. It has got to be arranged for by legislation, hasn't it?

Mr. PLUMMER. As I said at the very outset, we are not opposing any proposition that will permit these necessary things to be done. I tried to say that at the very beginning. So far as I know, there is no ship man opposed to meeting the necessities of the case, but we say this is not the way to meet it. There ought not to be any such sweeping repeal as proposed here. And I mentioned these things as some of the reasons why it ought not be passed.

The CHAIRMAN. I do not know how the committee feel, but I believe they are interested in knowing what the emergency is, and then those other questions they can discuss themselves.

Mr. ROWE. I think that is exactly what we have got to know. I would like to hear from the Secretary of Commerce and members of the Shipping Board that do know and have the information.

**STATEMENT OF J. H. BUNCH, ESQ., OF SEATTLE, WASH., REPRESENTING THE ALASKA STEAMSHIP CO.**

The CHAIRMAN. What company do you represent?

Mr. BUNCH. The Alaska Steamship Co.

The CHAIRMAN. In what capacity?

Mr. BUNCH. Traffic man; general freight and passenger agent of the Alaska Steamship Co., of Seattle.

The CHAIRMAN. How many lines of vessels trade between Pacific ports and Alaska?

Mr. BUNCH. Four or five American lines; four, I think.

The CHAIRMAN. What are they?

Mr. BUNCH. The Alaska Steamship Co., the Pacific Steamship Co., the Humboldt Steamship Co., and the Seattle Steamship Co.

The CHAIRMAN. How many vessels are there of the Alaska Steamship Co. operating between Pacific ports and Alaska?

Mr. BUNCH. Sixteen.

The CHAIRMAN. Of about what average tonnage?

Mr. BUNCH. The total is about 26,000, I think. There are a dozen of about, say, from 1,800 to 3,000. The others are smaller vessels.

The CHAIRMAN. Can you give the number of the vessels operated by these other companies you have named?

Mr. BUNCH. Yes, I think so. Probably seven or eight by the Pacific Steamship Co., two by the Seattle Steamship Co., and one by the Humboldt Steamship Co.

The CHAIRMAN. Have any of the vessels belonging to any of those companies been withdrawn for the deep-sea or foreign trade since the beginning of the war?

Mr. BUNCH. No; we figure they are all too small for that.

The CHAIRMAN. It is a fact, though, we want to know. Is there any existing shortage in tonnage between Pacific ports and Alaska?

Mr. BUNCH. No, sir.

The CHAIRMAN. You may proceed.

Mr. BUNCH. We are interested, too, because there are other lines operating there. There are two foreign lines operating now between Seattle and southeastern Alaska, at least, and you must remember that Alaska is located so that there is absolutely no rail communication, and no possibility of any rail communication, and the people must depend on sea transportation and, also, they must get all of their supplies, everything in the way of commissary supplies, machinery, material, and everything in the way of equipment they use, from the United States. The coastwise laws, of course, do not allow foreign lines to participate in the freight traffic, but they do allow them to participate in the passenger traffic, and two Canadian lines operate between Seattle and Vancouver, British Columbia, immediately north of Seattle, to points in southeastern Alaska. One of those is the Canadian Pacific, and the other is the Grand Trunk, and both of course owned by the big railroad lines and practically by the Canadian Government, and both, we figure, would like to get in the American business there, and especially the Grand Trunk, which has so declared.

Mr. WHITE. How many ships have they?

Mr. BUNCH. The Grand Trunk has five and the Canadian Pacific has more. They operate three or four to Alaska. The point with

us is the fact that these lines operate there now, and if this coastwise privilege is extended to them they will cut right into all that American business there, that Alaskan commerce, which has been built up by American labor, American capital, and American steamship lines. Another thing, the production of Alaska is principally limited to two commodities needed in this war; that is, copper and canned salmon and other fish products—fresh and frozen and salted fish. The canned salmon products amounted last year to something like 120,000 tons, net, of food, and the best food there is for the armies. About half of that is handled by commercial lines operated up there. The production of copper ore probably amounts to a fifth of the total production of the United States. If the American ships are taken away that business can not be taken care of, and the present Canadian lines could not begin to take care of all of that. They would simply cut into the business and spoil it for the American lines. And in order to take care of the salmon and copper it would be absolutely necessary to take into that trade, to deliberately take into that trade, other foreign ships equal in number, equal in capacity and equal in equipment and all that, to the American ships that would be taken away.

The CHAIRMAN. Are there enough American ships now engaged in that trade to take care of that business?

Mr. BUNCH. It has absolutely been taken care of without any question, and is being taken care of.

Mr. HARDY. Then what reason do you expect there would be for authorizing foreign ships to enter it, if you have plenty of tonnage now?

Mr. BUNCH. Here is a little article which appeared in the *Alaska Daily Empire* of Friday, July 13, 1917, published at Juneau, Alaska, an interview with Mr. J. D. McAuley, special agent of the Grand Trunk line, in which he states that within six months an arrangement is to be made between Canada and the United States Government whereby Canadian boats will be enabled to handle American business between Puget Sound and Alaska, and that that is to come about because the American Government is to withdraw the large American boats.

(The article referred to is as follows:)

CANADIAN BOATS MAY HANDLE AMERICAN TRADE—J. D. M'AULEY PREDICTS A BIG CHANGE IN THE TRANSPORTATION OF THE NORTH—WAR-TIME CONDITIONS—LARGE AMERICAN BOATS MAY BE PRESSED INTO SERVICE FOR WAR DUTIES.

J. D. McAuley, traveling freight and passenger agent for Alaska, with headquarters in Prince Rupert, passed Juneau on the *Prince George* last night, making the round trip to Skagway on that steamer. On the return of the *George* Mr. McAuley will stop off here for several days before returning south. Mr. McAuley has many friends in Juneau, having been stationed here for many years previous to being transferred to Prince Rupert.

Mr. McAuley and the officers of the *Prince George* freely predicted last night that within six months the United States and Canadian Governments will reach an agreement whereby the Canadian steamers will be plying coastwise and carrying local freight and passengers between American ports for the period of the war.

Mr. McAuley stated that this arrangement is now in force on the Great Lakes and that the American and Canadian boats are working both freight and passengers between two Canadian ports as the case may be.

It is stated that the rumors are going the rounds of transportation circles that the United States Government is planning on taking over the larger of

the Seattle-San Francisco steamers, to be followed by the larger of the Alaskan steamers, leaving the Canadian boats, which are not suitable for trans-Atlantic service and the smaller American boats, to handle the Alaskan trade, the San Francisco trade to be handled by the railroads.

Mr. HARDY. If the Government had to have those boats, do you think it ought to sit there and refuse to let them supply the space with something else?

Mr. BUNCH. No; not if the Government needs those boats.

Mr. HARDY. You are reading there an article written by some newspaper man who does not know half as much about it as we do.

Mr. BUNCH. No; I am reading what a Grand Trunk representative stated he was going to do.

Mr. HARDY. Do you think he knows more than we do; more than Congress or anybody else?

Mr. BUNCH. No; not more than Congress does.

The CHAIRMAN. Are any of those boats belonging to the four lines you mentioned suitable for the over-seas trade?

Mr. BUNCH. We do not think they are, but the Shipping Board might think differently.

The CHAIRMAN. What is the largest one; what is its tonnage?

Mr. BUNCH. It is 3,000 tons; 3,000 tons deadweight capacity—an oil-burning steamer.

Mr. EDMONDS. How many ships have you of that capacity, only one?

Mr. BUNCH. Two.

Mr. EDMONDS. They are all they would be likely to take?

Mr. BUNCH. There is another one of about 2,800 tons, and then they drop down to 2,400 and 2,200.

Mr. BANKHEAD. Are there any of what we call tramp steamers that go into Alaska?

Mr. BUNCH. That is the one thing about Alaska. Alaska is situated as though it were on a branch line of a railroad. You have got deliberately to send every ship to Alaska for that purpose. It is absolutely not on the way or on the route between any two ports in the world. The Canadian Pacific boat line was established to operate between Vancouver and Skagway to handle the Yukon territory business. The Canadian people won't give us one pound of the business they can ship on a Canadian boat. They have absolutely got the privilege of the ports of British Columbia. American vessels, of course, trading foreign, go to British Columbia, but they only go to the customhouse and do not go to the out-of-the-way places like we do in Alaska.

Mr. BANKHEAD. As I understand you, then, the greatest disadvantage you anticipate if this legislation passes would be from the competition of the Canadian-Alaska companies?

Mr. BUNCH. That is the avowed purpose of the Canadian Grand Trunk, to get that business for Prince Rupert and Canada.

The CHAIRMAN. The western terminus of the Grand Trunk is Prince Rupert?

Mr. BUNCH. The western terminus is Prince Rupert.

The CHAIRMAN. And they have already undertaken to transfer the fishing business from Ketchikan, southern Alaska, to Prince Rupert and concentrate all the fishing industries of the Pacific coast at Prince Rupert rather than Ketchikan, which is the American fish-

ing port in Alaska? I may say that matter was brought to my attention some time ago, and I suggested it be taken up through the Committee on Ways and Means in order to meet that situation.

Mr. EDMONDS. Can you trade, Mr. Bunch, between Canadian ports?

Mr. BUNCH. Between Alaskan; not Canadian.

Mr. EDMONDS. Can you carry from Vancouver to Prince Rupert?

Mr. BUNCH. No.

Mr. EDMONDS. They do not allow you to do that?

Mr. BUNCH. Absolutely not.

Mr. ROWE. Has this new change in the law given you that privilege?

Mr. BUNCH. No.

Mr. BOWERS. Is not Prince Rupert the nearest port to Alaskan Territory?

Mr. BUNCH. Yes.

Mr. BOWERS. The nearest railroad port; nearer Ketchikan than any other?

Mr. BUNCH. Yes, probably a hundred miles south of Ketchikan.

Mr. BOWERS. And of course the effort is being made to transfer the American trade to that port?

Mr. BUNCH. We understood they expected to put on a line of steamers between Prince Rupert and the Orient, and to get some business that way; but it has not materialized, so they have a railroad with no business. And there is a territory up there in Alaska with a trade of \$100,000,000 a year which has grown from nothing up to that amount in 50 years. They would like to have it; they want it and are going to try to take it.

Mr. BANKHEAD. Can not these American vessels, for whose interests you appear here, carry the same tonnage on the same basis. at the same price, as Canadian ships?

Mr. BUNCH. We always meet rate conditions, absolutely always.

Mr. ROWE. They are bound to act straight with you.

Mr. BUNCH. Yes, but should they start and send up Canadian boats now into Alaska, as they expect to do if the Canadian reports are right, they will operate them for nothing but feeders to the railroad.

Mr. HADLEY. And put you out of business.

Mr. BUNCH. Put us out, exactly, and divert \$100,000,000 of business, which will go to Canada.

Mr. HARDY. Is there anything now to prevent the Canadian vessels bringing products from American-Alaskan ports through Canadian ports?

Mr. BUNCH. Nothing in the laws that I know of.

Mr. HARDY. Is there any law, anywhere, which prevents ships coming from a foreign port to a domestic port, either Canadian or American?

Mr. BUNCH. No, sir.

Mr. HARDY. As I understand a Canadian ship can carry from a Canadian port to an American port.

Mr. BUNCH. Yes.

Mr. HARDY. An American ship can carry goods from an American port to a Canadian port?

Mr. BUNCH. Yes.

Mr. HARDY. But an American ship can not, on the Pacific, carry goods between Canadian ports?

Mr. BUNCH. No.

Mr. HARDY. And a Canadian ship can not carry goods between American ports?

Mr. BUNCH. That is right.

Mr. HARDY. That is the whole situation. And as far as Prince Rupert is concerned, they have the concentration of railroad facilities there to benefit them, and they can haul your salmon from Alaskan ports to Prince Rupert?

Mr. BUNCH. Yes; but how will the canner get his supplies from the United States then?

Mr. HARDY. We can not prevent that, can we? You do not propose any law that would stop up our ports to Canadian vessels?

Mr. BUNCH. No. I propose to stick to the law we have already. Does not the law prohibit foreign vessels from operating in the coastwise business between two ports of the United States?

Mr. HARDY. But what I want to know is if the vessels are short and they do not have proper transportation for the Alaskan fisheries, would you want to sit down and refuse to accept cargo space on any other vessels?

Mr. BUNCH. I do not think anyone would want to do that.

Mr. HARDY. Is not that just the situation we are trying to meet by this law?

Mr. BUNCH. No.

The CHAIRMAN. He has stated there was plenty of tonnage now to take care of the transportation for Alaska.

Mr. HADLEY. The tonnage is ample, you say?

Mr. BUNCH. Yes. But if any should be taken, there probably will be more supplied, and an American company ought to have the privilege.

Mr. HARDY. You understand this law is only intended to cover cases of necessity, and it expresses itself that way.

Mr. BUNCH. Yes; that is what it says.

Mr. HARDY. In other words, this law is intended to supply these ships where your supply of ships would be short.

Mr. BUNCH. There seems to be some expectation that it will be applied in Alaska.

Mr. HARDY. The expectation is that wherever American ships can not carry goods, then they will let foreign ships, with empty space, be utilized. Is not that the provision of the law?

Mr. BUNCH. That is very indefinite. That leaves the whole thing to the administration.

Mr. HARDY. What you want to do is to shut the door and let no chance of supplying the deficiency exist?

Mr. BUNCH. No. I think suggestions have been made here that lead to the right answer.

Mr. HARDY. Let me see what your understanding of that suggestion is.

Mr. BUNCH. If you have to use foreign ships rather than American, let Americans have the use of the ships and let the foreign company attend to its own business.

Mr. HARDY. Suppose you have no American company ready to use a foreign ship.

Mr. BUNCH. Whenever you meet that situation, then go ahead; because they will always be ready to take care of it.

Mr. HARDY. Suppose we are up against that situation now?

Mr. BUNCH. We are not; the American companies are ready to take foreign ships and operate them if necessary.

Mr. HARDY. But can they do it unless we pass some law?

Mr. BUNCH. That is what it takes, for you to fix some law to do it.

Mr. HARDY. Let us see what you want, how you want to get this changed. How would you write the law?

Mr. BUNCH. A Pacific man has suggested an amendment. I think it was to the Senate bill. Along that line.

Mr. HARDY. What are the terms you want to go into the law? I would like to know what you want.

The CHAIRMAN. I can tell you very plainly. He wants Alaska exempted from the operation of this bill.

Mr. HARDY. Under any and all circumstances.

The CHAIRMAN. No; under the existing circumstances.

Mr. HARDY. If he is correct in stating they have plenty of shipping—

The CHAIRMAN. We ought to be fair with him. If this law is passed and ocean shipping is deficient, in the interests of our own shipping we might admit ships under foreign registry, which could engage in that trade, although it is already supplied by American ships. That might happen if this law is passed.

Mr. HADLEY. It is certainly true at this time there has been no necessity, so far as Alaska is concerned, shown for this legislation. There may be before we are through, but at this time there has been no suggestion of necessity.

Mr. HARDY. His suggestion is based on the idea that the administration will not administer the law in the spirit of its fair administration.

Mr. BUNCH. How is that?

Mr. HARDY. Your objection is the administration would violate the spirit of the law?

Mr. BUNCH. No.

The CHAIRMAN. Not violate the spirit of the law, but just exercise the authority it would give, if it is enacted.

Mr. BUNCH. My objection is to it being exercised, and that they have the power to say whether it shall be.

Mr. EDMONDS. You would not have any objection to a permit being issued to a ship to carry a cargo on a particular voyage?

Mr. BUNCH. No.

Mr. EDMONDS. What you object to is opening it up altogether, to all ships?

Mr. BUNCH. Certainly.

Mr. EDMONDS. But if a bill passed which said the President could issue special permits from time to time where necessity was shown, you would be perfectly willing to acquiesce in that?

Mr. BUNCH. Nobody in the world would object to that that I can think of.

Mr. HADLEY. Mr. Bunch, all the supplies of material and probably of the labor—certainly all the supplies which go in the production of Alaskan salmon and the output of the food industry you have spoken of—are carried on the American lines?

Mr. BUNCH. Practically so.

Mr. HADLEY. Practically all are carried in that way?

Mr. BUNCH. Yes.

Mr. HADLEY. And if this business is absorbed by the Grand Trunk, through the operation of the foreign vessels, even though for a limited period, what will be the effect on the Pacific coast business that I have spoken of—this matter of supplies?

Mr. BUNCH. I do not think I exactly understand in what way you mean.

Mr. HADLEY. Would the American lines be able to compete with the Grand Trunk, or would they be driven out of business, in your opinion?

Mr. BUNCH. I do not think they would be able to compete. They have got to have all the business, because the rates are very, very low.

Mr. HADLEY. Then if they could not compete, all that great volume of industrial business carried between Pacific ports and Alaska each spring and fall would be transferred to foreign bottoms?

Mr. BUNCH. Would be transferred to foreign water carriers, and it would be up to them, then, whether they would bring it to the United States at Puget Sound or take it to British Columbia. The chances are they would take it all to British Columbia.

Mr. SCOTT. Contrasting your experience with other of the ships on the coast, do American registered boats carry a different character of seamen than English registered ships?

Mr. BUNCH. I do not think so.

Mr. SCOTT. They carry the same kind of seamen?

Mr. BUNCH. Yes.

Mr. SCOTT. In the Pacific trade with the Orient, under the English registry, they are permitted to hire Chinese labor. Is that class of labor employed by the Grand Trunk up there in your Alaskan waters?

Mr. BUNCH. No.

Mr. SCOTT. It is not?

Mr. BUNCH. No.

Mr. ROWE. Let me ask one question: During the war, or since the war began between England and Germany, at any time has the Canadian Government or the Grand Trunk Railroad taken off any of these vessels to use in deep-sea work?

Mr. BUNCH. No.

The CHAIRMAN. You mean any of the vessels trading between Canadian ports—

Mr. ROWE. And Alaskan ports.

The CHAIRMAN. In the trade to the Orient, have they taken any of those vessels off?

Mr. BUNCH. I think they did, like Mr. Edmonds stated; they took some at first, but they have been returned, or other ships have been returned. The Canadian people have some big, fast ships there—passenger carriers, ships built in England and sent out there—and of course they had to cross the ocean.

Mr. EDMONDS. Mr. Bunch, do you run ships all the year round to Alaska?

Mr. BUNCH. To some parts of Alaska. For the past several years the whole fleet has been occupied the whole year.

Mr. EDMONDS. The entire year?

Mr. BUNCH. Yes; up to some parts of Alaska during the summer and to the balance of Alaska during the entire year.

Mr. EDMONDS. They can get up to the upper Pacific coast ports during the entire year?

Mr. BUNCH. Yes.

Mr. EDMONDS. And up to Skagway, of course?

Mr. BUNCH. Yes.

I have here a little memorandum which was prepared some days ago, that I would like to file with you.

The CHAIRMAN. That may be filed for the record.

(The statement referred to is as follows:)

Referring to Senate bill 2733 and H. R. 5009, designed to permit foreign vessels to engage in the coastwise trade of the United States, under certain conditions, I beg to call your attention, in a general way, to facts and reasons which, amongst others not specifically mentioned, suggest the importance of amending the measure so as to exempt Alaskan commerce from its operation, or so as to make some effective provision that will retain to American interests the American business now in Alaskan waters and being handled by the American steamship lines.

1. There never has been in the past, and there positively does not exist at the present time, any necessity for the employment of foreign vessels in the coastwise trade in or with Alaska, or for the extension of the coastwise privilege to foreign vessels operating in its waters.

2. An emergency which will produce such a necessity can not become existent unless created by withdrawal from Alaskan waters of the American fleets now operating on routes thereto.

3. To do nothing that will injure American labor or that will interfere with or in any way curtail the production of food, coal, and copper, three most vital war necessities, but to do everything that will tend to encourage, stimulate, increase, and insure the production and the marketing of these commodities, is of paramount importance and the patriotic duty of every citizen.

4. There is no rail communication between Alaska and the United States or Canada. All traffic must be handled by the sea craft, and Alaska is so far from the trade routes of the world that no steamer bound from one foreign port to another can stop at an Alaskan port for cargo in case of emergency, but steamers must be definitely sent to Alaska in order to handle Alaskan business.

5. Alaska produces annually over 200,000,000 pounds of canned salmon (last year's production was 240,000,000 pounds), millions of pounds of fresh, frozen, and salted fish, hundreds of millions of pounds of refined copper, and the United States Government is now building a railroad from a point on the Alaskan coast to the Alaskan coal fields for the purpose of opening up these vast coal deposits for the use of our Navy and the markets of the world. Nothing should be done to interfere with the production of fish and copper ore or with the development of the coal fields. At present the coal used in Alaska comes from British Columbia and is transported to Alaska by the American steamship lines.

6. The American steamers operating on the Alaska routes are entirely able to efficiently serve the needs of Alaska without the assistance of foreign lines. They are particularly well adapted to that trade and those waters, but would be of small value and efficiency on other routes; particularly for over-seas service for which they are very poorly adapted, especially as they are oil burners with small radius, being therefore utterly unsuited for service to Europe or to the Orient, as steamers to those portions of the world, owing to oil scarcity there, must be able to carry fuel for the round trip.

7. The supplies for the people and industries of Alaska necessary to enable the people to live there and produce the salmon and the fish and the copper, and develop the coal mines, must be carried from the United States to Alaska, and the products carried back to the United States, or Alaska must decay, close its fisheries and copper mines, abandon its prospective big coal mines, and the United States must do without those products, or the business must be diverted to a foreign country.

8. To give foreign vessels coastwise privileges in and with Alaska would mean practically no more or less than to divert the transportation business of Alaska to the Canadian Pacific and Grand Trunk Pacific railways of Canada, especially to the latter, which has been very bold in making it understood in the Pacific Northwest, that its purpose and determination is to divert the commerce of Alaska to Canada via Prince Rupert, and further, to deprive American labor engaged in such American transportation of its right to participate in the benefits thereof. To give that privilege without withdrawing any of the American steamers from the service would be to inject into the situation an unnecessary competitor, whose methods we have reason to suspect would not be fair, either to the American steamship lines or to American commerce, and whose great effort we know would be to divert to Canada as much as possible of the commerce of Alaska which American labor has created.

To grant that privilege, and to withdraw the larger of the American steamers from the service, would be to bring about the same competitive situation with the smaller American steamers left in the service, and to create a shortage of tonnage which would necessitate closing down the copper mines and curtailing the output of canned salmon and other fish, as the present Canadian fleets are too small to handle the business of Alaska, besides being utterly unsuited to the carriage of coal to Alaska and copper ore from Alaska; or, after taking away American ships, in order to move the ore and other business which the present Canadian fleets can not handle, it would be necessary to take into the service foreign ships of the same number, size, and efficiency as the American ships which had been withdrawn, a proceeding too much like "Robbing Sam to pay John" to possess any merit; especially as such ships would undoubtedly have to be taken from the Atlantic coast where the need of ships is probably greatest.

9. Summarized in a few lines, the situation is as follows:

There is absolutely no necessity for foreign ships in the Alaska trade.

There can be no such necessity unless it is created by withdrawing the American ships from the trade.

Nothing would be gained in the use of the ships for the national and general good, but, on the contrary, it would be an economic loss to withdraw the American steamers from the Alaska trade to which they are especially suited, and in which they can be used to their maximum efficiency, for the purpose of using them on any other route as they are of such type, so small comparatively and of such small fuel-oil radius, that away from the Alaska routes they could be used only to their minimum efficiency, if at all.

The result of extending to foreign ships the coastwise privilege in and with Alaska, will be, beyond any question, and notwithstanding what may be said to the contrary, to divert to Canada a considerable share of the commerce of Alaska, which rightfully belongs to the merchants and business lines of the United States, and in the enjoyment of which citizens of the United States have every right to expect the support and backing of the Government, which commerce, in the 50 years since the purchase of Alaska, has grown from nothing to over \$100,000,000 per year, and is only fairly commencing.

These objects could be more fully explained, and the facts bearing thereon presented, if a hearing be had at which the undersigned and others interested might be heard, and I trust that this opportunity will be afforded before final action on the bill.

The CHAIRMAN. I have received from Mr. N. B. Kelly, general secretary of the Philadelphia Chamber of Commerce, the following letter, which I desire to have printed in the record, if there is no objection.

(The letter referred to is as follows:)

PHILADELPHIA CHAMBER OF COMMERCE,

August 10, 1917.

HON. J. W. ALEXANDER,

*Chairman Committee on Merchant Marine and Fisheries,  
House of Representatives, Washington, D. C.*

DEAR SIR: At a meeting of the board of directors of the Philadelphia Chamber of Commerce, held under date of August 9, H. R. 5609, providing that during the present war or emergency the President may, if in his opinion the interests of the United States so require, permit by proclamation vessels of foreign registry

to engage in the coastwise trade of the United States, within such limits and under such conditions as he shall deem wise, was considered and on motion unanimously indorsed.

Will you kindly record the action of the chamber of commerce on the bill referred to?

Very truly, yours,

N. B. KELLY, *General Secretary.*

(Thereupon, at 12.15 o'clock p. m., the hearing was adjourned until Tuesday, September 11, 1917, at 10.30 o'clock a. m.)

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,  
*Washington, D. C., September 11, 1917.*

The committee met at 10.45 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. Mr. Chamberlain, Commissioner of Navigation, is here this morning from the Department of Commerce, and I think we had better hear him at this point. I think all the members of the committee are acquainted with Mr. Chamberlain.

**STATEMENT OF MR. EUGENE TYLER CHAMBERLAIN, COMMISSIONER OF NAVIGATION, DEPARTMENT OF COMMERCE.**

The CHAIRMAN. How long have you been Commissioner of Navigation, Mr. Chamberlain?

Mr. CHAMBERLAIN. A great many years; nearly 24 years.

The CHAIRMAN. We have under consideration H. R. 5609, a bill giving the President power to permit vessels of foreign registry to engage in the coastwise trade of the United States during the present war or emergency.

Mr. CHAMBERLAIN. And also S. 2733?

The CHAIRMAN. Yes. When the original bill came to me I introduced it promptly, but called attention to the fact that under the bill as drawn ships of foreign registry could be admitted to the coastwise trade, while foreign-built vessels admitted to registry under the act of August 18, 1914, could not. But under the bill as redrawn and sent to the Senate it includes both classes of vessels, because I do not think we would want to have the anomaly of letting vessels of foreign registry into the coastwise trade and excluding foreign-built vessels admitted to registry under the act of August 18, 1914, which are American owned.

Mr. HADLEY. The Senate bill is not identical with this, then, on that?

The CHAIRMAN. No.

Mr. HADLEY. I have not examined it.

The CHAIRMAN. No; the Senate bill admits foreign-built vessels of American registry to the coastwise trade under the conditions named in the bill, also vessels of foreign registry. Under the act of August 18, 1914, foreign-built vessels, if owned by American citizens, might be admitted to American registry to engage alone in the foreign trade. The Senate bill gives both classes of vessels the same status.

Mr. CHAMBERLAIN. The only difference, Mr. Chairman, it seems to me, is that the Senate bill inserts these words after the word "proclamation":

"Foreign-built vessels registered under the laws of the United States and" before the words "vessels of foreign registry."

It just inserts those words. And the reason is, of course, quite obvious, I take it. I presume their omission in the House bill was merely an accident.

The CHAIRMAN. Yes; I called attention to that when the Shipping Board sent the bill over here, and when it went to the Senate the omission was corrected. I have a copy of the amended bill, but I have just held it because I thought that error could be corrected when we came to consider the bill H. R. 5609 now before us.

Mr. CHAMBERLAIN. Mr. Chairman and gentlemen, I have prepared no particular statement. I am here rather to answer any question that you may choose to ask, if I am able to do so. The general situation, however, I take it is perfectly familiar to the committee.

The CHAIRMAN. That is, I think, what the committee wish to know—just what the condition is as regards the coastwise trade and foreign trade and what occasion there may be for this legislation.

Mr. CHAMBERLAIN. The necessity for the legislation is twofold. In the first place, to help make good the considerable reduction in our own coastwise tonnage; but even of more importance than that is to provide that ships shall carry cargo on every mile of the voyage so far as possible. In other words, when ships are inadequate as they are in all forms of ocean trade at this time and in all forms of trade by water, under such conditions it is of the utmost importance that every ship shall carry cargo and shall not go in ballast wherever it is possible to carry cargo.

Now, the situation of the coasting trade can be shown in a very few figures. I will take as a starting point the end of our fiscal year 1914, just before the war broke out. At that time we had registered for the foreign trade shipping amounting to 1,076,000 gross tons. We had on the Lakes 2,882,000. I am reading in round numbers. And on the sea and rivers we had 3,969,000. In all, 7,928,000 gross tons.

The CHAIRMAN. You say "on the sea." That was in the coastwise trade?

Mr. CHAMBERLAIN. That was in the coastwise trade, yes. Those in the foreign trade are registered ships—1,076,000 tons.

The CHAIRMAN. But 3,900,000 tons was in the coastwise trade, exclusive of the Great Lakes.

Mr. CHAMBERLAIN. In the coastwise trade, on the sea and rivers.

The CHAIRMAN. Exclusive of the Great Lakes.

Mr. CHAMBERLAIN. Exclusive of the Great Lakes, of which I made a separate statement—2,882,000 gross tons, practically 2,883,000 gross tons.

At the present time—that is, at the end of the fiscal year June 30, 1917, a month or so ago—our shipping registered for the foreign trade had increased from 1,076,000 in 1914 to 2,424,000—nearly two and a half times as much. Our shipping on the Great Lakes had dropped from 2,882,000 to 2,771,000—that is, a little over 100,000 tons. But more than that amount, I should say, has come from the Lakes to the sea, because, of course, considerable tonnage has been built on the

Lakes. On the seaboard, in the coasting trade, our tonnage has fallen from 3,969,000 to 3,607,000; a decline, you see, of about 362,000 tons, or 10 per cent.

Now, those are the figures for the 30th of June of this year. Up to that time a decline of 10 per cent had already taken place. Up to that time, the 30th of June, practically no ships had been taken out of the coastwise trade for military purposes. There had been a movement of troops; but, as I recall it, only three of the ships that were in the coastwise trade were taken for that purpose. I think the rest were all foreign-going ships. Within a relatively short time it is inevitable that in the neighborhood of 1,000,000 gross tons must be taken out of the coastwise trade to conduct the military operations of the United States. I say 1,000,000 tons, and I think that that is a modest figure. It certainly is not an overstatement. Now, that will reduce still further the tonnage available for our coastwise trade. It is necessary, of course, that ships must be taken to carry troops and cargo; that ships must be taken to carry supplies and everything that goes with the movement of a large body of men. And, of course, tankers, to a considerable extent, must be taken to furnish fuel. It seems to me that it is not necessary to add anything to those figures so far as that phase of the subject is concerned.

The second phase is the need for utilizing all the ships that go up and down our coast, whether they be foreign or American, to carry cargo, even if it be only a partial cargo. As the gentlemen of your committee are well aware, a foreign ship can enter a port in Maine, for example, and proceed all the way down the coast until she reaches Galveston or, if you choose, go through the Canal and go all the way up to Seattle, dropping off foreign cargo all the way down, port by port. She can also make that same voyage and take on foreign cargo port by port. One thing she can not do under the law, and which this bill is designed to obviate for the time being, or during the war, is to take on cargo at one American port and carry it to another American port. This style of voyage is of practically daily occurrence; it is of frequent occurrence, at any rate. It is highly desirable, it seems to me, when a ship, although engaged in the foreign trade, is moving from port to port in that way, collecting cargo or discharging cargo, to collect export cargo or discharge import cargo, that that vacant ship space should be utilized to the utmost. If, for example, a ship going from Norfolk, as they sometimes do, down to Galveston or any Gulf port, to get cargo, stops at Norfolk for coal and is going down to any Gulf port for cotton, then, of course, through all that leg of the journey from port to port it is important she should not go empty when there is cargo to move—cargo which is essential to the operation of our own industries.

That, in substance, is what there is in this bill.

Mr. RODENBERG. Have you estimated, approximately, what additional tonnage you will get in the coastwise trade from this bill?

Mr. CHAMBERLAIN. No; I have not. It would not work out in such a way that foreign ships would settle themselves down in the coasting trade and go up and down the coast continuously. A ship would come in, say, from the other side, stop in an American port, on the way to another American port, stop at an American port, for example, to get coal, and go to another American port to get her cargo. And for the short space of time required to go from one American

port to another American port under this bill she could carry cargo. Now, that ship, the bulk of the time, would not be engaged in the coasting trade at all, you see. It would be almost impossible to make such a computation as you suggest, I think; it would be very difficult.

The CHAIRMAN. The large profits now are in the foreign trade, are they not, rather than in the coastwise trade?

Mr. CHAMBERLAIN. The larger profits, yes.

The CHAIRMAN. All the best types of sea-going vessels are engaged in the foreign trade, and it is simply to add to our transportation facilities during the period of this war that this suggestion is made to utilize these ships—to supply a real shortage in our coastwise tonnage by reason of the types suitable for the deep-sea trade having been withdrawn. And those ships will continue to be withdrawn with the increase in the demand for transportation facilities for our troops and munitions?

Mr. CHAMBERLAIN. Yes; and everything that goes with it. Those figures that I just gave you, this decline of 10 per cent in the volume of tonnage available for the coasting trade, is practically a commercial reduction; it is a reduction that has been brought about by the higher rates of which you have just spoken, Mr. Chairman. Men have changed from one to the other because they could do better. It is not by reason of the necessities of the Government in carrying on the war. The need of the Government for these ships has not begun to be met yet; that is all coming. And as you gentlemen know, it is going to be greater and greater. When we have more men over there, it is going to take more ships to keep them supplied with everything necessary to maintain a great Army.

The CHAIRMAN. And the tonnage in the over-seas trade is being diminished all the time by the submarines?

Mr. CHAMBERLAIN. Yes.

Mr. RODENBERG. You say in the course of time the decline of tonnage in the coastwise trade will be about a million tons?

Mr. CHAMBERLAIN. I say a million tons will be required out of the coastwise trade for military purposes.

Mr. WHITE, Jr. Within a year?

Mr. CHAMBERLAIN. Oh, yes; within less than a year, I hope.

Mr. WHITE, Jr. Are there any figures available as to the tonnage now being built for the coastwise trade, that will be available?

Mr. CHAMBERLAIN. Figures are available of the tonnage that is building. But I am not entirely at liberty, except in a confidential way, to mention them.

The CHAIRMAN. If the committee want that information, I suggest we can get it in executive session.

Mr. CHAMBERLAIN. That matter at present, by an understanding between the War Department and Navy Department, the Commerce Department, and the Shipping Board, too, is not made public; and this is a public hearing, as I understand.

Mr. HADLEY. I wanted to ask the same question, but, of course, we can hear you on that in an executive session.

Mr. CHAMBERLAIN. Yes. Of course, without going into any details, all of you gentlemen know perfectly well that the destruction caused by the submarine is very considerable; greater than the new construction; materially greater.

Mr. HADLEY. Is that affecting our coastwise shipping, that destruction?

Mr. CHAMBERLAIN. No ships in the coastwise trade have been torpedoed, if that is what you mean. But it is reducing the total volume of shipping available to carry cargoes on the water.

Mr. HADLEY. What sections of our seaboard are most affected by this depreciation of available tonnage in the coastwise trade?

Mr. CHAMBERLAIN. Thus far, the Lakes and the Atlantic seaboard. I do not think so many ships have been withdrawn from the Pacific coast. We have not been in the war such a very long time. Drafts on the Pacific coast tonnage have practically not begun, and still there have been a number of steamers that have been sent around because the owners thought it was profitable. There has been more or less of that.

The CHAIRMAN. How many of the large vessels of the American-Hawaiian Steamship Co. are now being used?

Mr. CHAMBERLAIN. Practically all of them are being used in the foreign trade, the great bulk of them. And I ought to mention one thing here, that those ships would not show in the figures I have just given for this reason, that even when they were going through the canal they were, as a matter of fact, registered for the foreign trade for this reason, as you gentlemen all recall, that if a ship enrolled for the coastwise trade stops at a foreign port she becomes liable to forfeiture. I suppose nobody would forfeit the ship for stopping at a foreign port, but out of respect for the law the American-Hawaiian management operated their ships as registered ships and they are not involved in those figures I just gave for that reason, although they were going from the Atlantic to the Pacific and vice versa.

Mr. WHITE, Jr. I think you spoke of it as 100,000 tons that has left the Lakes trade. Can you tell where that has gone?

Mr. CHAMBERLAIN. Most of it has gone across the Atlantic; a large portion; and is being used to get the trade—

Mr. WHITE, Jr. From this country to another.

Mr. CHAMBERLAIN. Some of the smaller ships, I think, are going coastwise. Of course most of them are under charter—those ships that come down from the Great Lakes. By the way, a considerable part of the tonnage from the Great Lakes came to the ocean by reason of the law that divorced ships from the railroads engaged in interstate commerce, the act requiring a railroad company also operating ships to dispose of all of its ships. Quite a number of the Lake ships came down on that account.

Mr. WHITE, Jr. And what I will call the 300,000 tons that have left the coastwise trade—that is, in the trans-Atlantic trade?

Mr. CHAMBERLAIN. Oh, yes; most all of it is. Our shipping in foreign trade has grown to two and a half times what it was before the war, and that is not chiefly by new construction.

Mr. WHITE, Jr. That is in part the vessels transferred from the Lakes to the coast and from the coastwise trade?

Mr. CHAMBERLAIN. Oh, yes; very largely; also foreign ships admitted to registry.

Mr. WHITE, Jr. So that the tendency is at the present time for the Lake trade and the coastwise trade to turn toward the trans-Atlantic trade?

Mr. CHAMBERLAIN. Certainly; it is necessary to carry on the war.

Mr. WHITE, Jr. And I presume that is because it is more profitable.

Mr. CHAMBERLAIN. Yes; up to the present time. But now we are in the war, of course all that situation has changed. Now our ships will go into the foreign trade to help win the war. Now we are all in line on that proposition, and it is not a matter of making money or anything of that kind. And, by the way, that will all be taken in hand by the gentlemen of the Shipping Board later on; that is, the high rates.

Mr. WHITE, Jr. But the high rates in some measure is the cause for moving shipping from the Lake trade and the coastwise trade into the foreign trade?

Mr. CHAMBERLAIN. Exactly.

Mr. WHITE, Jr. That leads me to ask what do you expect this bill will accomplish in the way of returning that hundred thousand tons back to the Lakes trade and furnishing additional ships for the coastwise trade?

Mr. CHAMBERLAIN. We do not expect it will accomplish anything; absolutely nothing. But what we do expect and what we know it will accomplish—because we have cases day in and day out—is that when a foreign-built ship is going light from one American port to another American port she can carry cargo for a few days and supply the deficiency to a slight extent.

Mr. WHITE, Jr. Of course I do not know anything about this—

Mr. CHAMBERLAIN. You ought to know by inheritance.

Mr. WHITE, Jr. But right in that connection, is it not a fact that a great many foreign ships have been doing that thing for the last few years, anyway, and that the penalties have been waived?

Mr. CHAMBERLAIN. No; I can assure you that is not the fact.

Mr. WHITE, Jr. I have heard it was so, but, of course I do not know.

Mr. CHAMBERLAIN. Then you have been misinformed. There have been within the last few months some instances of that, but not very many. They are all reported to our office, and you could count them up. And when I say not many, I mean it.

Mr. WHITE, Jr. Let me ask right here, for my own information: Do we have the same right in Canadian ports that is being asked for in this bill for Canadian vessels in our own ports? Has an American vessel a right to trade, for instance, between St. Johns and Halifax?

Mr. CHAMBERLAIN. I do not know whether they have taken any action on that or not, whether they have passed an order in council. You see, they can do this quicker and in a more expeditious way in Canada. By order in council they can suspend their laws. They have on the Lakes. But I do not suppose there is much trade between those two ports—St. Johns and Halifax.

Mr. WHITE, Jr. I do not know that there is either.

Mr. RODENBERG. Had there been such an order issued in council you would have been notified of it, would you not?

Mr. CHAMBERLAIN. We might and might not. We probably would in course of time.

Mr. HADLEY. Those orders in council are temporary and revocable in a day, and they frequently do revoke them over night, as a matter of fact.

Mr. CHAMBERLAIN. Oh, yes. They are very much like an Executive proclamation.

Mr. HADLEY. I know on the Pacific coast, in the lumber industry, they do revoke them overnight.

Mr. WHITE, Jr. If you do not deem it advisable to tell the tonnage under construction, can you tell the proportion of tonnage under construction which you understand is designed for the coastwise trade as well as the foreign trade?

The CHAIRMAN. He will give that statement to us later on.

Mr. HADLEY. I was going to ask when he prepares that statement if it will be consistent with the department's work to include an estimate of the tonnage building for the foreign trade, too, as well as the coastwise trade.

Mr. CHAMBERLAIN. Yes.

Mr. HADLEY. And also an approximate statement as to the state to which its construction has progressed; that is, when it will be available?

Mr. CHAMBERLAIN. That is a pretty large undertaking. I would rather not go into the whole matter of shipbuilding, just at present, if it is agreeable to you gentlemen to go into it in executive session, because I can not make a beginning publicly that will amount to anything.

Mr. HADLEY. I am just asking whether, for the consideration of the committee in executive session, the statement could be extended for the committee's information to embrace the statement I have indicated, as well as the particular tonnage that is building for the coastwise trade.

Mr. CHAMBERLAIN. It would be pretty hard to tell what ships. There are, however, few ships building for the coastwise trade now, as a matter of fact; very few, indeed.

Mr. ROWE. I guess there are a great many on the Great Lakes.

Mr. CHAMBERLAIN. Some of those that are building on the Great Lakes are so big—there are some, but not one-half the usual number—they can not get through the canal, you know. And those of course, will stay there, because they can not get out. But of the ships that could be used to cross the Atlantic, building on the Great Lakes, the tonnage of each will be small. The number will be quite large.

Mr. HADLEY. It seems to me this committee's jurisdiction is such that it ought to have it, not only for its current purpose, but have this information, as far as the department can furnish it, for its executive consideration.

The CHAIRMAN. Oh, yes; and I have tried to get it, and I think we will have it.

Mr. BANKHEAD. Under the provisions of this bill, House bill 5609 as now drafted, if enacted would it not open up the coastwise trade to vessels of foreign registry for all time during the present emergency? In other words, could they not, under the provisions of the bill, engage exclusively in our coastwise trade?

Mr. CHAMBERLAIN. They could during the war.

Mr. BANKHEAD. Do you not think under the present conditions, the dangers of the submarine, and so forth, it would be a strong inducement for them to engage exclusively in our coastwise trade?

Mr. CHAMBERLAIN. No, I do not; because the largest part of the foreign shipping—of course, there are two kinds; there are the allied ships, the ships of nations that are allied with us, and there certainly has been no indication of any disposition on the part of the allies to keep away from the scene of action. I do not think anybody can have any question about that. Certainly England, France, and Italy have thrown all of their men, money, and shipping right into the breach and kept it there for three years. And I can not for one moment believe there is any possibility of anybody trying to go in the coasting trade to avoid the dangers of the war, certainly not on the part of the nations I have indicated that are fighting the war with us. We have had three years example of what they actually do. Only a week ago we saw that the British lost 21,000 men in—I think it was—about eight days. Now, I have not any question of that kind, so far as the allied nations are concerned, and I do not think there is any such disposition. There may be here and there a man who is a money getter, and we have some in this country, who would possibly try to take advantage of this bill; but I do not think they would be very hard to cut out, after they were once caught.

Now, so far as the neutral ships are concerned, what I have said about the allied and American ships applies with equal force to the Norwegian ships. You have seen figures of their losses time and again in the papers, and I have no doubt they are substantially correct. The Norwegians have run their ships, as they always have from the beginning of time, regardless of danger. They have, if you will allow the phrase, played the game fair; right, straight, fair. And, as I say, there is no likelihood—I do not see any likelihood—of the Norwegians putting their ships into the coasting trade to avoid the dangers of the war. That has not been the way they have been playing the game thus far. When I come to the Swedish ships, there are hardly any of them. The Dutch ships are practically all large ships, practically confined to two lines—those that come to this country. They are practically all large ocean steamers and not of the types used in the coasting trade at all. And the only ships left are the Japanese ships. They never have gone in the coasting trade, and I do not see any likelihood of their doing so, except to this extent, which I am frank to say, under existing conditions, would be highly desirable. The Japanese ships, the largest that come to this country, run from Japan and the Asiatic coast, generally to Honolulu and San Francisco. They can not carry passengers and they can not carry cargo between Hawaii and the mainland, or vice versa. But now, if there are any passengers to go, or if there is any cargo to go, in these times I think they ought to be allowed to go on those ships. I think that is a proper use, to avail ourselves of the limited supply of shipping that there is for the whole world.

Mr. BANKHEAD. I want to ask you this further question: Would it, in your judgment, meet the necessities of the case, instead of suspending the law as a whole, as provided in this bill, to fix it so that the President could authorize or that the chairman of the Shipping Board might grant permits for specific voyages to vessels in those cases?

Mr. CHAMBERLAIN. Or for the President to authorize the chairman of the Shipping Board to grant it?

Mr. BANKHEAD. Yes; or to vest that authority in the chairman of the Shipping Board.

Mr. CHAMBERLAIN. If you wanted to do it.

Mr. BANKHEAD. Would not that meet the necessities of the situation?

Mr. CHAMBERLAIN. It would just take them up one by one. I should not think so. If the principle is right, if the principle of this bill is right—and the principle of this bill is very simple; the principle of this bill is to use all the ships there are in the world to the very best advantage, and as I say it is only a question of a ship going on a voyage and carrying nothing or carrying something—if the principle is right, why hamper it with details and require a whole line of executive administrative officers and pass it on?

The CHAIRMAN. The fear expressed is the old fear expressed of an entering wedge, that if this bill should become a law it will only be the forerunner of a policy to admit foreign vessels to the coastwise trade; and, of course, I am not in favor of that, and I think the majority of the committee are opposed to that. But that fear on the part of those interests who have a monopoly of the coastwise trade is so great that they are not willing to recognize the present emergency and that we are in a war and need all the tonnage that can possibly be made available.

Mr. CHAMBERLAIN. It can not be possible that there is any considerable opposition to this bill? You surprise me.

Mr. WHITE, jr. I know that is the fear of some who have not any interest, financially, and who, during the war, are not opposed to it at all.

Mr. CHAMBERLAIN. The very object of the coastwise law, from the beginning of the Government, was to promote shipbuilding in the United States. That was the object, and frankly avowed by all its advocates in the days of its adoption, a great many more than a hundred years ago. But shipbuilding in the United States, under these conditions, does not need any encouragement. There is no justifiable ground for opposition to a measure of this kind on account of the fundamental reason for having the coastwise law. We are building ships in such a way as to make a man's head swim. I am frank to say that three years ago, if anybody had told me that we would build the amount of ships we are now building, I would have been extremely skeptical. And even now, building all the ships that we are, we are not keeping up with this—it is not warfare, of course—this kind of slaughter that is going on all over the face of the waters.

The CHAIRMAN. Is there anything further from Mr. Chamberlain?

Mr. DUFF. Mr. Chairman, could I ask Mr. Chamberlain a question, please?

The CHAIRMAN. Yes. We have the representatives here of the shipping interests, and they are welcome to ask any questions they please. Just let it appear in the record who you are and who you represent.

Mr. DUFF. Edwin H. Duff. I represent the American Steamship Association. I am not going to make an extended statement.

Mr. CHAMBERLAIN. Do I understand they are against this proposition?

Mr. DUFF. No, sir; I want to correct that impression. None of the coastwise lines, so far as I know, are opposed to the Government taking advantage of all the foreign or neutral shipping of any kind during the present emergency. But I want to ask Mr. Chamberlain what could be the possible objection to a substitute measure, or an amendment, that would vest broad powers in the Shipping Board to grant permits to those vessels, when they are available, to carry cargo coastwise? Would it not, as a matter of fact, give the Shipping Board full power to regulate the movement of those vessels and direct them in the channels which would serve the greatest good, rather than permit them to go here and there as might suit their convenience?

Mr. CHAMBERLAIN. Of course I do not know how the Shipping Board feels about that proposition, and I should hesitate to answer a question of that kind. I think, in fact, the answer should come more properly from the Shipping Board, but will say generally that any device—I am against any proposition that involves any kind of delay in any direction or in any quarter, any delay in the transportation of cargoes by ships. If it is necessary to stop and get permits and all that sort of thing, then I should say there was an administrative difficulty to it. The Shipping Board works faster now—anybody will testify to that and none more willingly than I do—but that is the way it strikes me offhand. But, as I say, that is a question for the Shipping Board.

Mr. DUFF. What possible delay could the getting of the permit involve? There would simply be a telegram from the Shipping Board to the collector of customs at New Orleans to permit that vessel to move cargo to Newport News or New York. And a vessel does not come into Newport News at 10 o'clock and sail at 11 o'clock. She might be there for two days.

Mr. CHAMBERLAIN. Yes; and she might be there for only three or four hours.

Mr. DUFF. Not in many instances would you find her getting away under 24 hours; not if she had to unload cargo.

The CHAIRMAN. I think we are all agreed on what should be accomplished. And if it can be done in that way without involving delay that is a question the committee can take up later. What we want to get now are the conditions and the necessities for the legislation. Of course as to just how that can be worked out we would be very glad to have suggestions from Mr. Duff or anybody else.

Commissioner STEVENS. Mr. Chairman, I had a few things I wanted to say to you about this bill, and I was anxious to get back.

The CHAIRMAN. Yes; we will hear from Commissioner Stevens, of the Shipping Board, now.

#### STATEMENT OF HON. R. B. STEVENS, UNITED STATES SHIPPING BOARD.

Commissioner STEVENS. Mr. Chairman, I wanted to point out one thing Mr. Chamberlain has not mentioned that this bill would make possible. It is perfectly apparent to all of us who have studied the shipping situation—

The CHAIRMAN. I would like to say for the record that Mr. Stevens is vice chairman of the Shipping Board.

Commissioner STEVENS. It is perfectly apparent to all of us who have studied the shipping situation that every ship of suitable size and strength may have to be diverted from our coastwise trade to war needs. Now, that will leave a very serious deficit in the transportation facilities for our important coastwise commerce, and there is already a shortage. There is not a day in which the Shipping Board does not receive requests not only from the shipping companies, but from merchants and manufacturers, either asking us to procure some additional tonnage for them to take the place of ships that have been taken out of the coastwise trade or begging us not to take any ships out of the particular service that affects them.

There is to-day a shortage of the necessary tonnage to take coal to New England by water, and all of the great industries of New England are dependent upon water transportation for coal. But there are a good many boats engaged in that trade which are of a size and strength which make them suitable for the over-seas trade. The Navy has already taken out quite a good many of the seagoing tugs which tow the barges, and we undoubtedly will have to take more for the direct war needs of the Army. And nearly every day I get letters from people in New England, interested in the textile industry, saying, "Whatever you do, don't take off any of the boats running from Gulf and south Atlantic ports to New England, because we are dependent upon them for our supply of cotton to keep our great textile mills going." And yet it is very apparent that some of the boats in that trade will, in the very near future if not immediately, have to be diverted to war needs.

Now, if this bill were passed, it is not intended or expected that the President, acting under it, would simply throw down the bars at once and say that all ships of foreign registry may engage in any American coastwise trade. But we want the bill broad enough so that the President can meet any emergency as it arises. I want to point out what could be done. There are probably between four and five hundred thousand tons of neutral shipping under charter to American interests for the American trade. Neutral shipping, naturally, desires as much as possible to keep out of the war zone on account of the great danger, and we undoubtedly could secure more neutral tonnage if it could be promised safe trades. There are a good many hundred thousands tons of neutral shipping that is tied up and not in use and that has not been in use for a considerable length of time. Now, if an American merchant or American ship company could use these chartered neutral boats, not only for trade to Cuba and the West Indies and South America, but in the trade from Porto Rico and in the trade from coast to coast in this important movement of commodities like cotton and coal, it will enable us to fill the vacancy, caused by taking our own ships and putting them in the war zone, with neutral ships which otherwise, perhaps, would not be available for any service.

I would like to say, also, something about the situation on the Great Lakes. A great many boats have been withdrawn from the Great Lakes by both Canadian and American interests for the coastwise service and also for the trans-Atlantic service. At the present time the Shipping Board has started a scheme to take out of the Lakes this fall, between now and the time of the closing of navigation, all the boats which can possibly come through the Welland

Canal, either whole or cut in two. The amount of that tonnage there, which possibly can be moved in that way and made suitable for the coastwise service, is over 300,000 tons. Now, we may not be able to take all that tonnage out, because we have not facilities enough for making the necessary changes and repairs in the ships that have to be made; but we will take out all we can. In the meantime that will deplete the tonnage on the Great Lakes. And as you gentlemen are all aware, the Canadian Government, by an order in council, is now permitting American registered boats to engage in trade between port and port on the Great Lakes. If we draw out this tonnage, and there should be next season a serious shortage of tonnage on the Great Lakes, it will be possible, under this bill, for the President by Executive order, only during the emergency, to allow Canadian boats to trade from port to port in the United States.

It is not the purpose, as far as I am aware, and there is no desire on the part of the Shipping Board, to change the long-established policy of the Government about the coastwise trade. But we do know, from an intimate study of the war needs for tonnage, that there not only exists to-day a serious shortage but that between now and the time when our great building program will begin to turn out the ships, in the next six to eight months, the emergency in the shortage of tonnage will be very much greater. And I think everybody will be glad to have a bill like this passed, so that the President might, by Executive order, meet the situation. He might issue an order just for the Great Lakes; he might issue an order just for chartered boats. Under this bill he might do even what has been suggested by one gentleman—permit the Shipping Board to allow boats to trade for special voyages. But I want to say about that suggestion, that it would cause delay and much administrative detail.

Another instance, we have received many very urgent requests from the Government of Porto Rico and the Chamber of Commerce of Porto Rico for more service, and they urgently requested that legislation of this kind be enacted, because Porto Rico is short of tonnage to-day. Several of the boats in that service have been taken out and put in the service of the Army.

We feel certain that no public interest is going to suffer from this bill. It merely makes it possible, if enacted, for the President to go as far as and no farther than the circumstances require to protect the public interest in the wisest use of tonnage. That is all I have to say.

The CHAIRMAN. Is there any information before the board to the effect there is a shortage of tonnage in the Alaskan trade?

Commissioner STEVENS. We have had a great many urgent telegrams and letters not to remove any of the boats in the Alaskan trade. But there are some boats in that trade that are very suitable as Army transports that are very certain to be taken. They are not complaining about the shortage now, but they say "Don't take a boat, because if you do there will be a shortage." Now, some of the boats are going to go because they are suitable and are needed.

The CHAIRMAN. There is a fear expressed in the Northwest that the Canadians want to get into that coastwise trade in the interests of their fisheries, and in the interest of their railroads having terminals on the northwest coast—Prince Rupert, for instance.

Commissioner STEVENS. That certainly has nothing to do with the bill or the reason for its introduction. The Shipping Board has had no request and no intimation whatever from the Pacific coast in connection with this bill. As a matter of fact, the situation of the Atlantic coast and of Porto Rico and the canal and of the Lakes are particularly the ones we have in mind. There has been less complaint of shortage of tonnage in the coastwise trade from the Pacific than the Atlantic.

Mr. RODENBERG. What have you to say to the suggestion that individual permits be issued?

Commissioner STEVENS. I think that would be impracticable of administration. It would mean—in the first place, anybody going on a voyage needs some little time to prepare for securing his cargo, and if no action may be taken until a permit is issued from the Shipping Board for that particular voyage it will mean a great deal of red tape and a great deal of delay. I feel certain that it will not meet the situation.

Mr. WHITE, Jr. If you can figure out a way to get coal to New England I will vote for most anything, because we are going to freeze to death up there if we do not get coal.

Commissioner STEVENS. I come from New England, and I know what the coal men have to say about this coal situation.

Mr. BOWERS. What is your home State?

Commissioner STEVENS. New Hampshire. I am going up there next week to hold a hearing on the whole coal situation. This bill will help out the New England coal situation and make it possible for the Shipping Board, which can control the neutral tonnage and charters for the neutral tonnage and what trade the neutral tonnage is going into, to divert some of the neutral tonnage into that situation and help out, which it can not possibly do now even if we had the boats in our own hands.

Mr. WHITE, Jr. Absolutely, there is a coal famine in portions of New England, and coal is an absolute necessity of life in some portions.

Mr. ROWE. An ordinary freighter can not carry coal to any advantage?

Commissioner STEVENS. There are a great many cargo boats that can; and even where they can not carry it to the best advantage, it is a question now of using what you have.

Mr. ROWE. I know the extreme need there for coal in New England. It is bad enough in New York.

Commissioner STEVENS. It would be pretty hard to put into this bill all the details essential to be covered in actual practice. What we had in mind was, if this law passed, that the Shipping Board, which is studying the tonnage situation all the time and is in constant touch with it, would go to the President and ask him for specific proclamations to meet the situations that developed. We would not go to him and say, "We think it is wise right now to throw down the bars absolutely and let any ship come in, under any conditions." But we would say, for instance, "Neutral ships under charter to Americans and under control of the Shipping Board should be permitted to carry cargoes from coast to coast, or from port to port, or from the port of Porto Rico." The same company may have

American boats running to Porto Rico and other neutral boats running to Cuba or other West Indian points. We take the boat running to Porto Rico. The neutral ship can not take its place. And if you do not grant this general authority and rely on the Shipping Board and the President to apply it wisely, but try to put into the bill specific language covering each kind of case conceivable, you will make it very difficult of administration. And I can assure you the Shipping Board has no desire to ask immediately for a removal of all the restrictions.

The CHAIRMAN. You have no disposition to depart from the policy of the Government, from its foundation?

Commissioner STEVENS. No; not a bit; only so far as the emergency makes it necessary, and only so long as the emergency exists. Take the coal situation and the cotton situation from the South to New England; we want to see, if there are no American ships to carry it, that there would be other ships available.

Mr. ROWE. And is not the handling of the ores on the Great Lakes important also just now?

Commissioner STEVENS. It is very important, and is going to take, of course, a great many more boats.

The CHAIRMAN. The ores need to come down, of course, but they need coal in the Northwest now just as badly as they do in New England, too.

#### **FURTHER STATEMENT OF ALFRED HUGER, ESQ., ADMIRALTY COUNSEL, UNITED STATES SHIPPING BOARD.**

The CHAIRMAN. Mr. Huger will continue his statement, briefly.

Mr. HUGER. Mr. Chairman, several questions were asked at the last hearing which I could not then answer; questions relating to statistics concerning tonnage. I have had the traffic department of the Shipping Board prepare some statements here which might be serviceable to the committee. Some of these figures are, I think, available at this public hearing; but there are other figures which I think, in the exercise of sound discretion, ought not to be made public.

I might say that of the vessels running in the coastwise trade in August, 1914, which have been diverted by their owners into the foreign trade, there are 56; that is 56 steam vessels of over 1,500 dead-weight tons, or 295,096 tons, that have been withdrawn by their owners. This tonnage does not include the tonnage of a greater number of sailing vessels which have likewise been diverted from the coastwise trade. The steamship owners are required to file with the Shipping Board weekly reports giving the movements of steam vessels; but the sailing-vessel owners are not required to make such reports, so that we are unable to give the committee the figures as to what sailing vessels have been withdrawn. But we do know a large number of schooners have been withdrawn from the coastwise trade.

We could not take the difference between the enrolled vessels in August, 1914, and the vessels that had been subsequently granted registry to show what vessels had been withdrawn from the coastwise trade, because a vessel might take out registry which had theretofore only been enrolled and, nevertheless, not continue in the foreign trade; she might make two or three foreign trips and then

come back in the coastwise trade, or might stay in the foreign trade. Hence there may be a discrepancy between the figures here given and the figure obtained by subtracting the tonnage of vessels enrolled for the coastwise trade in August, 1914, from those enrolled in March, 1917.

Now, I have a statement here showing the total American fleet of steamships of over 1,500 dead-weight tons, excluding ships on inland waters, showing the number of ships suitable for ocean service and indicating which of those ships are suitable for the trans-Atlantic service and which are unsuitable for the trans-Atlantic service, and showing the service in which these respective classes of ships are now operated, so that the committee can have a picture of the American tonnage suitable for the foreign and coastwise service. That statement I would prefer to make in executive session of the committee.

I also have a statement showing the disposition of the ex-German steamships and showing the service in which those vessels are now engaged—those being operated by the Army and those being operated by foreign governments, which information was requested of me at the last hearing. That statement I would also prefer to present in executive session.

Then I have a statement showing the number of vessels and their tonnage that have been requisitioned by the Shipping Board and Army and Navy from the coastwise service and the number of vessels and their tonnage taken by the Shipping Board under its requisition powers and now engaged in the trans-Atlantic service. Those figures I would also prefer to present to the committee in executive session.

I would also like to say, Mr. Chairman, that in glancing over my testimony I seem to have given the impression that there was an increase in tonnage operating coastwise. What I had in mind was that there was an increase in vessels which would have the privilege of engaging in the coastwise trade; not that there had been an increase of tonnage actually operating in the coastwise trade. The rest of my statement shows, however, what I had in mind, but those two sentences seemed to indicate that I had made a statement that the coastwise vessels engaged and operated in the coastwise trade had increased since August, 1914, which, of course, we know is not the case.

The CHAIRMAN. When you revise your testimony you can make that correction.

Is there anyone else present who wishes to be heard?

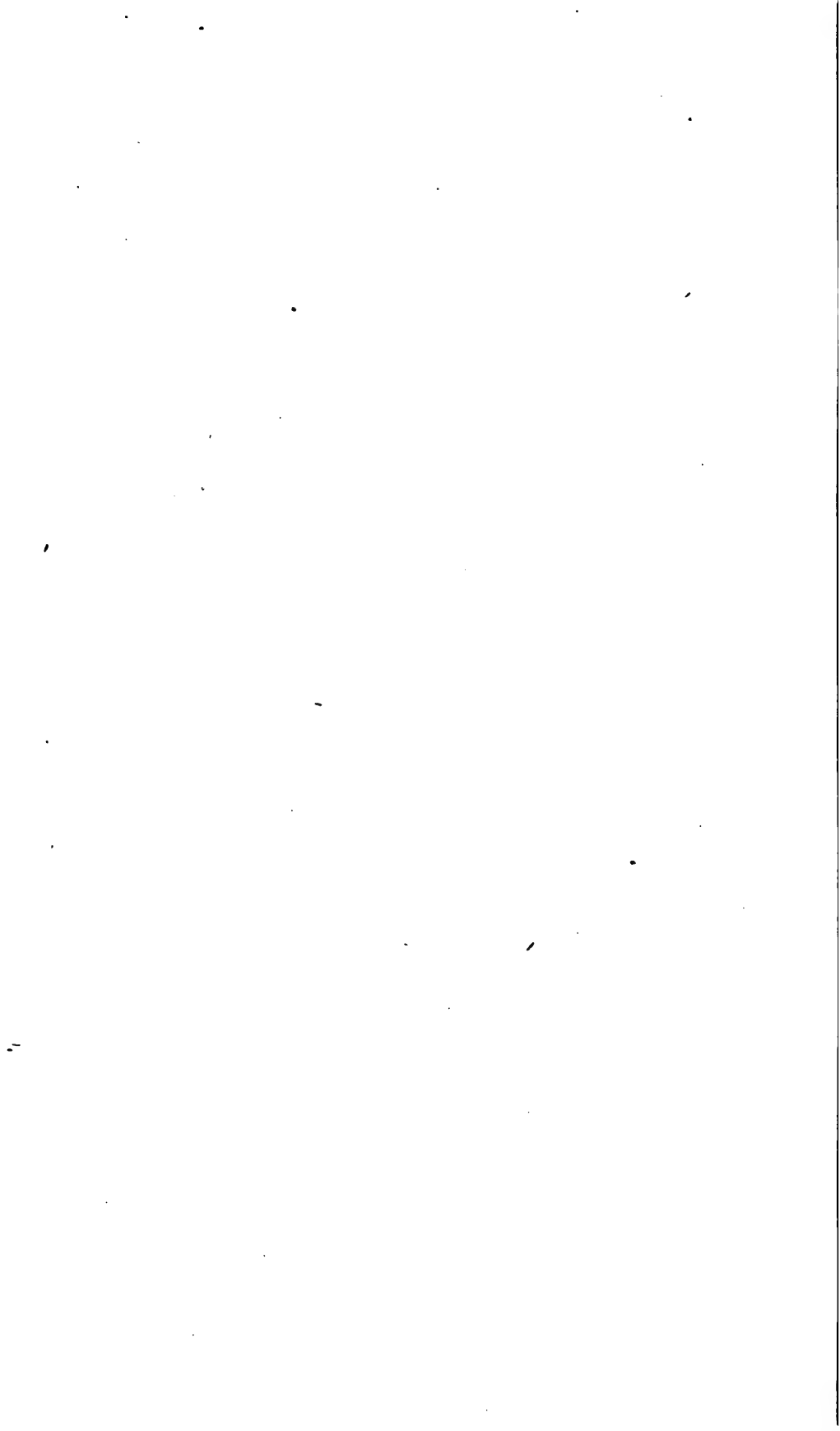
Mr. HADLEY. Mr. Clark, of Seattle, is here, having stayed over from the other day. I have no doubt he would want considerable time.

Mr. CLARK. I could not complete what I have to offer for the consideration of the committee in the time remaining this morning, and perhaps it would be just as well for me not to start in.

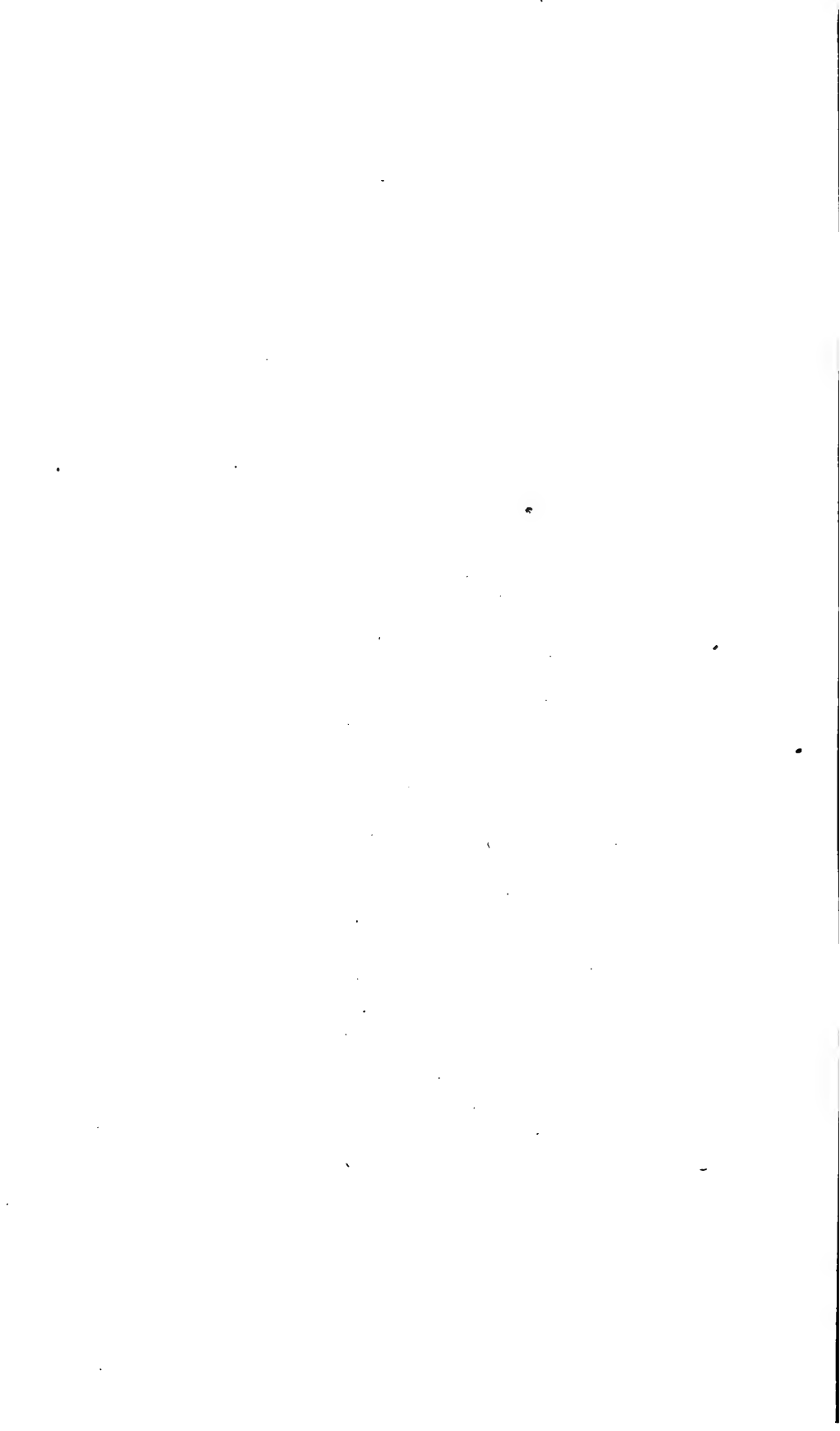
The CHAIRMAN. You understand the lay of the land now, so that you can get right down to the facts in anything you have to say.

Mr. CLARK. Yes, sir.

(Thereupon, at 11.45 o'clock a. m., the committee adjourned until to-morrow, Wednesday, September 12, 1917, at 10.30 o'clock a. m.)







# **WAR EMERGENCY—ADMISSION OF FOREIGN SHIPPING TO THE COASTWISE TRADE**

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## **HEARINGS**

**BEFORE THE**

## **COMMITTEE ON THE MERCHANT MARINE AND FISHERIES**

**HOUSE OF REPRESENTATIVES**

**SIXTY-FIFTH CONGRESS**

**FIRST SESSION**

**ON**

### **H. R. 5609**

**A BILL GIVING THE PRESIDENT POWER TO PERMIT VESSELS  
OF FOREIGN REGISTRY TO ENGAGE IN THE COASTWISE TRADE  
OF THE UNITED STATES DURING THE PRESENT  
WAR OR EMERGENCY**

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### **PART 2**

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**SEPTEMBER 13 AND 18, 19**



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# WAR EMERGENCY—ADMISSION OF FOREIGN SHIPPING TO THE COASTWISE TRADE.

HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,  
*Washington, D. C., September 19, 1917.*

The committee met at 10.15 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. We will proceed with the continuation of the hearing on H. R. 5609. Mr. Clark, of Seattle, I believe desires to be heard this morning.

## STATEMENT OF WILLIAM L. CLARK, ESQ., OF SEATTLE, WASH., SECRETARY OF THE ASSOCIATION OF PACIFIC FISHERIES.

Mr. CLARK. By reason of the fact I have been making a very considerable study of our relations with our neighbors on the north, particularly with reference to Alaska business, the steamship companies of the coast asked me if I would appear for them also and present some of the facts and reasons why there was no necessity for this bill and why there was, perhaps, underlying something that this committee should understand before taking action.

The CHAIRMAN. You mean as applied to Alaska?

Mr. CLARK. Yes; as applied to Alaska, and perhaps the entire situation.

I want to say, first of all, that there is no disposition on the part of anybody in the Northwest to be unpatriotic or to be slackers in any degree. That, I think, is evidenced by the Liberty Loan and Red Cross subscriptions, the voluntary enlistments and their general acceptance of the draft; also by sacrifices of the business interests which are, to my knowledge, being made in order that this Government may not be hampered in carrying on the war. And I may say, also, that in telegraphic advices received from the coast the steamship people operating between Puget Sound and Alaska have stated that they are desirous of making whatever sacrifice is essential to prevent the Government, the Shipping Board, or any of the administrative bodies of this Government from being hampered in that which will produce the best results in the carrying on of the war; while, at the same time, they are fearful that this legislation, if passed, may be made the basis of the furtherance of plans that have already been announced; that are already partially in operation for the diversion of the benefits resultant from the development of Alaska, from the United States to our neighbor on the north—to the Canadian transportation companies, rail and water—thus shutting out from employment in the transportation of Alaskan

business American citizens who have every right to expect that they, and they alone, shall be first considered in those matters.

First, as to the question of necessity for the legislation: It is first proposed that this bill is necessary by reason of a shortage of tonnage in the Great Lakes. We are told that the first move in connection with this whole matter originated from Great Britain. I wish we might bear that in mind throughout all the consideration of this bill, that the very first suggestion of modification of the coastwise restrictions originated with Great Britain.

The CHAIRMAN. On what do you base that statement?

Mr. CLARK. On the fact that Great Britain had been the first to suggest a reciprocal plan under which operation on the Great Lakes was to be conducted; by reason of the fact that they opened, first of all, Canadian ports on the Great Lakes to American shipping. It occurs to me that if there be no ulterior motive back of that suggestion of opening Canadian ports on the Great Lakes to American shipping, that we certainly can gain nothing by opening the American ports to British shipping. If the British tonnage on the Great Lakes, is, at the present time, insufficient to handle the business of Canada between two ports of Canada, so that they are required to call upon American shipping for the handling of Canadian business, what may we expect in the way of British shipping to take care of any increase in business that accrues between two American ports?

The second necessity suggested is that of providing for Atlantic coastwise voyages.

I firmly believe that this Government, at the present time, should be in possession of whatever authority is essential to insure that New England, for instance, should not be short of coal by reason of a shortage of coastwise carriers on the Atlantic; and that the South should not have its cotton stored on its docks by reason of shortage of American carriers to permit it to move to the manufacturing centers of New England or elsewhere. But I believe that authority is already vested in this Government; it has already been assumed. And I may state that from 1907, down to March of this year, through every administration, so that it can not be construed to be political, nor can there be political capital made of it in any way, shape or form—it has been the policy of every administration from the time of President Roosevelt to the present administration of President Wilson to use foreign carriers in our coastwise service, in cases of emergency, under arrangements that were made by which the Secretary of the Treasury instructed collectors of customs to enter such ships after proceeding coastwise without the collection of tonnage dues, without the collection of port charges, and without the assessment of penalties provided by statute for violation of coastwise laws.

I shall file here a partial list of steamers that have carried coal from Newport News, or Norfolk, to Puget Sound, to the Hawaiian Islands, to San Francisco and to San Diego. The list that I will file was prepared prior to the receipt of additional information and covers seven Norwegian vessels and 78 British vessels, from 1909 to March this year. A telegram later received indicates the total from 1907 down to the present time—or rather the partial total—because some are omitted by reason of the fact that customhouse

records are not open to the public, and these lists are made up from private records—to be 134 British vessels and 10 Norwegian vessels.

The CHAIRMAN. Covering about 10 years.

Mr. CLARK. Covering from 1907 to 1917, a period of about 10 years. (The list above referred to is as follows:)

*Incomplete list of foreign colliers carrying coal coastwise from Newport News or Norfolk to Pacific coast and Hawaiian destinations under Treasury Department instructions to collectors of customs to permit vessels to enter without the payment of tonnage dues or other charges and without enforcing penalties.*

Date.	Steamer.	Registry.	Date.	Steamer.	Registry.
ARRIVING PUGET SOUND.			ARRIVING SANTIAGO—CON.		
1909.			1915.		
Sept. 4	Belle of Scotland.....	British.	July 11	Venturia.....	British.
26	Baron Napier.....	Do.			
27	Riverside.....	Do.	1916.		
1911.			June 30	Arna.....	Do.
Sept. 12	Harpalion and Harlesden..	Do.	ARRIVING SAN FRANCISCO.		
25	Netherpark.....	Do.	1912.		
Nov. 13	Dunbar and Silverlake....	Do.	Jan. 1	Strathendrick.....	British.
1912.			14	Strathairly.....	Do.
Jan. 15	Hartington and Harpagus..	Do.	Apr. 8	Strathgyle.....	Do.
1913.			11	Strathleven.....	Do.
Aug. 12	Epsom and Claverly.....	Do.	24	Strathtay.....	Do.
16	Anglo Californian.....	Do.	27	Strathallan.....	Do.
31	Spithead.....	Do.	May 6	Strathness.....	Do.
Sept. 10	Queen Louise.....	Do.	July 16	Strathmore.....	Do.
1914.			19	Netherpark.....	Do.
Mar. 10	Kinross.....	Do.	20	Strathnarn.....	Do.
May 3	Queen Louise.....	Do.	Aug. 21	Strathern.....	Do.
1915.			Sept. 15	Strathearn.....	Do.
Jan. 14	Egyptian Transport.....	Do.	30	Strathdene.....	Do.
Dec. 7	Maritime.....	Do.	Oct. 5	Strathalbyn.....	Do.
ARRIVING HAWAIIAN ISLANDS.			Dec. 11	Ockley.....	Do.
1909.				Hans B.....	Norwegian.
Nov. 6	Romera.....	British.	1913.		
17	Klichattan.....	Do.	Mar. 13	Iverlan.....	British.
Dec. 16	Falls of Orchy and Ma-	Do.	June 13	Harpalyce.....	Do.
26	sunda.....	Do.	19	Manchester Citizen.....	Do.
1910.			Aug. 22	Hartington.....	Do.
Dec. 17	Dunedin.....	Do.	25	Spithead, Colorado, and	Do.
1911.			29	Earl of Elgin.....	Do.
Apr. 22	Damara, Seledon, Kath-	Do.	Sept. 3	Border Knight.....	Do.
May 12	erine, Park Vainoy, Col-	Do.	Jan. 6	Largo Law.....	Do.
Aug. 26	lingham, and Heliopolis.	Do.	16	Mathilda.....	Do.
Sept. 1	Heliopolis.....	Do.		Terrier.....	Norwegian.
Oct. 15			1914.		
1913.			July 2	Hawkhead.....	British.
Apr. 22	Frankmount.....	Do.	28	Strathleven.....	Do.
May 12	Inverkip.....	Do.	Aug. 13	Cape Ortegai.....	Do.
1915.			Oct. 12	Bimeira.....	Do.
Aug. 26	Strathdene and Strathesk.	Do.	1915.		
Sept. 1	Strathairly.....	Do.	May 2	Strathesk.....	Do.
5	Strathardle.....	Do.	July 14	Highbury.....	Do.
Oct. 15	Strathdon and Strathaldyn	Do.	Aug. 16	Hackensack.....	Do.
1914.			June 27	Thor.....	Norwegian.
Aug. 8	ARRIVING SANTIAGO.		1916.		
Sept. 2	Vestalia.....	British.	Aug. 24	Atlantic City.....	British.
	Queen Helena.....	Do.	27	Blackheath.....	Do.
	Lord Dufferin.....	Do.	Nov. 24	Bayard.....	Do.
			10	Brazil.....	Norwegian.
			1917.		
			May 31	George Washington.....	Do.
			July 11	Brazil.....	Do.

NOTE.—All the foregoing steamers are British register with the exception of the steamers *Hans B*, *Mathilda*, *Terrier*, *Thor*, *Brazil*, and *George Washington*, which are of Norwegian register.

*Supplemental incomplete list of foreign colliers arriving at San Francisco carrying coal coastwise from Newport News or Norfolk to Pacific coast and Hawaiian destinations under Treasury Department instructions to collectors of customs to permit vessels to enter without the payment of tonnage dues or other charges and without enforcing penalties.*

Date.	Steamer.	Registry.	Date.	Steamer.	Registry.
ARRIVING SAN FRANCISCO.			ARRIVING SAN FRANCISCO—continued.		
1907.			1909.		
Sept. 9	Ferndene.....	British.	Oct. 7	Campbell.....	British.
Nov. 8	Strathendrick.....	Do.	Jan. 11	Henrick Isen.....	Norwegian.
25	Strathord.....	Do.	Sept. 7	Guernsey.....	Do.
Dec. 8	Huttonwood.....	Do.			
Oct. 10	Fitzpatrick.....	Do.	1910.		
1908.			Mar. 11	Longships.....	British.
Jan. 7	Twinesdale.....	Do.	Apr. 22	Knight of the Garter.....	Do.
29	Strathblane.....	Do.	June 17	Manhattan.....	Do.
Apr. 4	Iverkip.....	Do.	Sept. 27	Harfluer.....	Do.
6	Levingstonia, Finisterre, and Cariton.	Do.	Oct. 10	Campbell.....	Do.
10	Amberlon.....	Do.	Nov. 12	Strathbeg.....	Do.
15	Earl of Garrick.....	Do.	May 19	Sark.....	Do.
May 1	Allerton.....	Do.	June 6	Jethou.....	Do.
6	Braemount.....	Do.			
21	Falls of Moness.....	Do.	1911.		
June 1	Fitzpatrick.....	Do.	June 29	Courtfeld.....	Do.
8	Crown of Galicia.....	Do.	Aug. 11	Harpeake and Strathayon	Do.
22	Knight of the Thistle.....	Do.	14	Collingham and Wakefield.	Do.
July 6	Falls of Neith.....	Do.	23	Fitzclarence.....	Do.
10	Strathyon.....	Do.	24	Strastrathspey.....	Do.
13	Queen Amelia.....	Do.	Sept. 12	Strathnes.....	Do.
July 14	Gra'ghall.....	Do.	18	Helopolis.....	Do.
Nov. 30	Carlton.....	Do.	23	Strathnairn.....	Do.
Jan. 30	Thor.....	Norwegian.	Dec. 1	Fitzpatrick.....	Do.
Apr. 23	Guernsey.....	Do.	13	Strathalbyn.....	Do.
May 27	Sark.....	Do.	June 11	Bjornstjerne Bjornsen.....	Norwegian.
1909.			July 3	Arna.....	Do.
Apr. 14	Strathdee.....	British.	Sept. 11	Admiral Borresen.....	Do.
Sept. 10	Huttonwood.....	Do.	21	Guernsey.....	Do.
17	Hyndforb.....	Do.	29	Christian Borse.....	Do.

Now, there was never any question raised as to the legality of the handling of that coal for naval purposes from Newport News or Norfolk to the Pacific coast. The coastwise interests—

The CHAIRMAN. That was for naval purposes?

Mr. CLARK. That was for naval purposes; but, as I understand it, the law makes no distinction between business moved for the Government and business moved for private parties. Therefore in those cases the alleged emergency—and surely that emergency did not exist up to March of this year as it may be said to be existing at the present time—was simply a question of economy of operation. British carriers, with Chinese crews, and with lesser operating expenses, with lesser payment of wages to their white officers, unhampered by things that restrict American vessel navigation and increase the cost of operation, were able to make lower prices for the handling of this coal in competition with American carriers who were perfectly willing to undertake the moving of that coal for the Navy from Newport News to the Pacific coast.

The CHAIRMAN. Right at that point: When our battleship fleet made the trip around the world during President Roosevelt's administration it was absolutely necessary to charter foreign vessels to carry coal for the Navy. We did not have the tonnage, and the tonnage that was available wanted to charge 100 per cent more than the foreign tonnage for the service.

Mr. CLARK, I think that is quite correct; that the owners of American coastwise tonnage, or the American tonnage that was available, considered that they could not operate in that service as economically as these British tramps. There was a double reason why the British tramp could operate economically. These British tramps were furnished a cargo to Pacific coast ports, and from Pacific coast ports they sought cargo in competition with the American companies that were flying the American flag to the Orient, and to take cargo from Puget Sound that would normally be carried by the regular carriers on the Pacific.

Mr. HADLEY. What was the date of that trip around the world?

Mr. CLARK. I think that was in 1907. I think that was the first—

Mr. HADLEY. Is that included in the list?

Mr. CLARK. The earlier list is included in this telegram and may be prepared for entry into the record.

Mr. HADLEY. I thought it was earlier than 1907.

Mr. CLARK. The first steamer of which we have record was September 9, 1907. That was the *Fernlene*. It would appear that if it were possible through all these years, as a matter of mere economy, to use foreign vessels in our coastwise trade in case of an emergency of that character, surely the fact that New England was likely to be cold this winter by reason of improper fuel supply might be considered sufficient exigency to warrant the use of vessels under exactly similar conditions between Newport News, or other ports on the Atlantic where coal is procurable, and New England; and also that relief might be afforded to the cotton grower of the South and the manufacturer of New England, so that the best results could be obtained by reason of permitting foreign carriers, if available on the Pacific and Atlantic coasts, where there may be a cargo in an American port open for shipment, to handle coal or other cargo under similar instructions; and that it would be possible for the President to grant to the Shipping Board similar authority to that which has been accorded to the Treasury, or that the Shipping Board and Treasury Department, cooperating, can insure that collectors of customs shall have instructions that will guarantee no delay and quick action to any vessel that is in any port with cargo space and cargo available and no American tonnage in sight to move such cargo to its designated destination.

The CHAIRMAN. Right at that point; How were those vessels utilized, by whom; by the Government in every instance?

Mr. CLARK. No cargoes moved except for the Navy Department, I believe.

The CHAIRMAN. You know the coal on the Pacific coast is not suitable for Navy purposes?

Mr. CLARK. No; I would beg to differ with reference to that.

The CHAIRMAN. That was the view of the Navy.

Mr. CLARK. That was the view of the Navy; yes.

The CHAIRMAN. They take West Virginia coal as the only coal that is suitable.

Mr. HADLEY. I will state, Mr. Chairman, that I have seen coal taken out of my county for years and years, under contract to the Navy Department, that was considered very satisfactory.

Mr. CLARK. I understood the Navy Department had expressed a preference for Pocahontas coal, and that was the reason Pocahontas coal had been furnished throughout those years. And we on the Pacific coast have been made very keenly aware of that by reason of the fact that we have been unable to get consideration for Alaskan coal and coal of the State of Washington in later years, although, as Mr. Hadley has stated, in earlier years it was considered very good for naval purposes.

The CHAIRMAN. I do not want to discredit your Pacific coast coal; you understand that?

Mr. CLARK. Yes; I understand that.

Mr. EDMONDS. If you have a discussion on coal I am going to get into it.

The CHAIRMAN. Yes; Mr. Edmonds here is engaged in the coal business.

Mr. CLARK. We believe, therefore, that there is at the present time authority at least equivalent to that which has been exercised and which no patriotic American citizens would ever question, under which identically the purposes that are proposed to be accomplished by this measure can be accomplished, and without opening the door to the subjecting of the administration or of any of its departments to that pressure that can be brought from without urging that certain foreign interests be admitted into certain specific lines of trade. And I think as long as this can be accomplished in this manner it is perhaps unfair to the Shipping Board that it shall be made a target for such requests; and such requests undoubtedly would follow as we will, if permitted, show by precedent.

The next reason that was announced for the necessity for admitting foreign ships into our coastwise service was to relieve the internal rail congestion. That is rather a large subject. It is a subject that certainly every man who is engaged in manufacturing, who is engaged in transportation, who desires the success of this war from our own standpoint, ought to be vitally interested in. It is a subject that he can not afford to dismiss without the greatest consideration.

In 1914, during the first year that the canal was opened, we had 27 steel steamers in the coastwise service belonging to the American-Hawaiian Co. These steamships drew their cargo from points 100 to 500 miles west of New York City. That tonnage, under normal conditions of traffic and pre-war conditions, did not serve to congest the transportation facilities in the terminals of New York to the extent that it necessitated embargo. But when there came this sudden demand from Europe for munitions, for supplies, for those things for which they drew upon the United States for the conduct of the war and for the feeding of their people, our transportation facilities in the eastern part of the United States were sadly overtaxed to take care of the business offered them. And that business was offered them only in one direction—eastbound. The result was embargo; embargo on one kind of material after another, on one character of shipment after another, until the manufacturers in the eastern part of the United States found themselves at times obliged to discontinue operations by reason of their inability to get raw materials into their manufacturing sites. The hemp

that was coming from the Pacific coast piled up on the docks of Puget Sound and San Francisco by reason of the fact that there was embargo against its movement into the eastern part of the United States; and there were times when about the only shipments which could move under the excessive demands upon our railroads were export shipments—for steamers which were there ready to take it.

That embargo continued until the American-Hawaiian Steamship Co. were forced, not by reason of the closing of the canal, but, according to their own statement, by reason of their inability to get their shipments into New York City, to discontinue their coast-to-coast service. The statement was made with reference to their last movement—

The CHAIRMAN. Let me understand that statement. Why could they not get their shipments into New York by water?

Mr. CLARK. Well, their shipments originated at points in the interior; they did not originate on the seacoast. Business that originates on the seacoast could with benefit to the country move by water; but business that originates in the East and moves to the West, whether it moves to the Pacific coast as domestic merchandise or moves to Vladivostok as British Government freight, or moves to Australia as British Government freight, if it moves from some point in the interior to the Atlantic coast, must move over rail transportation, and unnecessarily adds to Eastern rail congestion, and makes more difficult the movement of freight which must necessarily move to European ports and which can not move in any other direction, and for which there is to be, as we all know, an increased and constantly increasing demand upon our rail transportation east of Chicago.

The CHAIRMAN. Have you any statement from the American-Hawaiian people to the effect that that is the reason they withdrew their vessels from the coastwise trade? I understood it was because ocean-freight rates had increased from 500 to 1,000 per cent in the foreign trade, which led them away.

Mr. CLARK. That was coincidental with the other conditions. I have this statement that was prepared by the American-Hawaiian Steamship Co.:

The cause of our retirement from this trade was not the closing of the Panama Canal, as claimed. It was due, rather, to the congestion on the railroads, which caused great delays between the shipping points and New York and finally resulted, as you know, in an embargo being placed on steamer freight at that port. The delays incidental to the congestion and embargo were such that shipments forwarded from interior points distant from some 100 to 500 miles for transshipment by our line were a longer time reaching our pier than was required by us for the transportation of such freight to destination, via the Straits of Magellan. In consequence of these conditions, our west-bound business fell off to practically nothing, shippers preferring to forward their goods by transcontinental railroads.

Those people continued to operate, however, through the Straits of Magellan to the Pacific coast after the Panama Canal closed, until having placed on berth a steamer for the Pacific coast, duly advertised in advance, of which all shippers were duly notified as to sailing dates, they found that for this steamer, which was capable of carrying 10,000 tons of freight, that they had in New York City, or rather in their port in Brooklyn, at the time of this sailing, 1,650

bare tons. They accepted, on the steamer freight, these shipments to the Pacific coast and sent them back through the congested territory in the empty cars moving in that direction, paying the rail rates themselves and pocketing the losses.

They did that same thing with sugar from the Hawaiian Islands into the eastern part of the United States, by reason of the fact that they could not operate American ships, with their higher expenses, one way and carry them light in the other direction, on the rates that were obtaining from coast to coast.

Those embargoes shut the American-Hawaiian Co. out of business, plus the delays incidental to getting the business into its pier. I will go further than that and state that any proper analysis of our internal rail conditions should have produced demand that they cease operations in order that the business that had formerly moved via their line and via other lines which were using the Panama Canal to the utter congestion of our eastern transportation, might move westbound by rail and supply empty cars with freight and put cars into the West in order that foodstuffs might move into eastern centers unhampered, to reduce the cost of living which had, in the early part of this year, increased to such an extent that the Shipping Board submitted through the President to Senator Fletcher a statement in which the fact was deplored that food conditions had so changed in this country that the police were being called upon to quell food riots.

The CHAIRMAN. Last fall and winter, isn't it true that wheat, canned goods, potatoes, and many other classes of foodstuffs, were piled up on the Pacific coast and could not be gotten to the seaports in the East?

Mr. CLARK. Identically, sir.

The CHAIRMAN. Where the people could use them?

Mr. CLARK. Identically, sir; and for two reasons. This was during the winter, and part of it was due to the ordinary congestion of winter traffic, or the ordinary slowing down of winter traffic by the railroads, the rest to car shortage on western lines.

But let me proceed and analyze, if you will, what followed the year that the canal closed. In the year 1914 there was a certain degree of prosperity throughout the East. The West, with the exception of the wheat farmer, had no degree of prosperity. Throughout 1914 and throughout the greater part of 1915, those conditions continued and the business men of the West made comment that while the East seemed to be conducting a very profitable business, it was war business, and the West had none of it. Then the canal closed, and incidental to the closing of the canal came the necessity of moving westbound by rail these shipments which had formerly moved through the Panama Canal; not only domestic merchandise from coast to coast, or from interior points to the coast and then coast to coast, but shipments intended for China, shipments intended for Japan, the Philippine Islands, Australia, New Zealand, and for other ports on the Pacific. All such began to move westbound by rail. And for the first time in a great many years the railroads of this country had something that approximated a balanced traffic, without which there can be no low freight rates for any shipper.

During the year that the canal was opened and used to its utmost

by the American-Hawaiian Steamship Co. in the movement of freight that originated as far west as St. Louis, and moved back to St. Louis the freight that originated on the coast, the western railroads, some of them, dismissed as high as 5,000 of their employees. And dismiss that number of employees from any western, or transcontinental, railroad and you can not but feel the effect in every little town along the line of that road. And what was true of one road was true of others. Merchants who had used the coastwise trade because they thought they were having an economy of freight rate found they were putting goods on their shelves at a low freight rate that it was impossible for them to sell at profit, because they had not sufficient customers who had ready money to pay for them. Within 60 days after the closing of the canal and there came this diversion of the business handled by the English Government for Russia to rail transportation, and the business that was intended for other trans-Pacific ports, which moved now by rail, because tonnage was too valuable to permit Great Britain to use hers around Cape Horn, small town merchants reported improved business. With the canal closed, those Atlantic-Pacific services were withdrawn. Within 90 days the wholesalers in the larger centers of the West began to report an increased business. Within 120 days they said: "We don't know what it is, we don't know what is causing it, but certainly conditions are better here than they have been since before 1907."

The CHAIRMAN. How would that stimulate the purchasing power of the people?

Mr. CLARK. It would stimulate the purchasing power of the people by reason of the fact that railroads that I know, that lost 5,000 employees, put back to work again the 5,000 employees and added at times from two to three thousand more to handle the increased westbound business.

The CHAIRMAN. That spread over an area half as big as the continent?

Mr. CLARK. That spread over the area of the western half of the continent.

The CHAIRMAN. Yes.

Mr. CLARK. I would not be surprised if it had some effect on conditions affecting the way they voted in the Western States.

The CHAIRMAN. Is this not true: Of course, you people at Seattle, Portland, and San Francisco wanted a through rate, which made your towns great commercial centers; whereas Spokane and Salt Lake City and interior points were hurt, because they were compelled to ship their goods to the Pacific coast and then back; in other words, they did not have the advantage of an equitable rate? And that has been the fight between you through all these years, has it not?

Mr. CLARK. I find this, that there is a general tendency on the part of every line of business—and I will except none—to consider only itself, not to consider the broader aspect. Perhaps that is true particularly of most lines of big business; that they do not get far enough from themselves to get the perspective and see their relationship to other parts of the country and other general lines of business. And I am certain of this also, that if they could divest themselves of that attitude and get the broader aspect and cooperate with people in

other lines and recognize there are other people who had difficulties—perhaps transportation difficulties—equal to their own, and try and arrive at some equitable conclusion and be fair in the matter, instead of trying to present only their side of the case, to the exclusion of all others, this country would have a prosperity such as never before known; it would have a prosperity that would redound to the benefit of everybody.

This question of transportation, inland transportation and water transportation, to my mind is one to which Congress should give a very great deal of study. And when I say "study" I do not simply mean the acceptance of statements of individual interests opposed to transportation, but a study which will analyze and provide for that which will produce the greatest and most widespread prosperity to this country as a whole. Because there can be no prosperity, even for the East, if the East alone is prosperous and the West is poor. This country must be prosperous as a whole in order to make investments secure.

To proceed: During the year in which the canal was closed and there was discontinuance of coast-to-coast tonnage, conditions changed in the West. This entire country was prosperous. Being prosperous, it commended the conditions that existed. There was no general tendency on the part of the people to change. The State of Washington, which had been for years hanging on to the ragged edge, had acquired a prosperity which, while many people insisted it was a prosperity due to the war, was a sufficient prosperity to cause the majority vote to change in that State from 88,000 Republican to 17,000 Democratic, because this occurred in a Democratic administration, and the working people never vote for a change as long as their stomachs are full and their wants satisfied.

Coast-to-coast ships were discontinued, and until the canal was reopened in the next year there was no water movements, necessitating eastbound rail haul to Atlantic ports, and automatically the congestion in Atlantic ports cleared up and foodstuffs again began to move, unhampered, into Eastern centers. And instead of paying 25 cents a pound for onions, which were worth 4 cents a pound in Arkansas, they got down to what might be considered a fair average, considering the heights to which they had soared. But after the opening of the canal, or the reopening of the canal, we found a different condition. The American-Hawaiian boats had, in the meantime, been diverted to other trades; they had gone into the foreign service and perhaps were performing, and I am sure they were performing signally grater service for this country by reason of being in the foreign trade than had they remained in the coastwise trade.

The CHAIRMAN. I will explain to the members of the committee that I have to go over on the floor in connection with the bill now pending, and I will ask Mr. Goodwin to take the chair, and that as many members as can will remain and hear Mr. Clark through. His statement is very interesting, and I wish I could stay. Judge Hardy has also advised me that he will be here in a moment or two. I want it understood, Mr. Clark, that this is not intended as a discourtesy to you.

Mr. CLARK. I understand that.

With the reopening of the Panama Canal there was again the possibility of congesting Atlantic coast terminals at Atlantic coast ports

by the diversion of business into the channel of the greatest demand, into New York City, into Philadelphia, into Boston, and into any other Atlantic port, that it might be moved through the Panama Canal to trans-Pacific destinations.

About this time Great Britain apparently awoke to the necessity of compensating Canada for her many sacrifices to the mother country during this war. Certainly if there were a colony of Great Britain that was entitled to compensation that colony was Canada. We are all more or less familiar with the sacrifices that Canada has made in connection with this war. We may only cite one instance—the regiment of the “Princess Pat,” recruited seven times, and out of the best blood they had, first organized by college men, and recruited in every instance from their college men and college graduates; also the amount of money they have raised and the munition factories they have builded. When the war opened they had none. Before the second year of the war they had 365; they had 400,000 men overseas, and they had 375,000 citizens of Canada making munitions, and they were themselves supplying their own over-seas troops, so that the sacrifices were those of Canada. I don't want to go too deeply into that subject: I just simply want to say that every good American citizen who is fair-minded must certainly commend the attitude of Canada with reference to the mother country during these hostilities, and commend also the sacrifices that they have made, and must recognize that those sacrifices were entitled to consideration on the part of Great Britain.

(Mr. Hardy took the chair at this point.)

At the same time, however, we must consider that as a Nation it is essential that we very carefully scrutinize every move, every effort that is made from the outside, because, while it is said that there is comity of nations, I doubt whether such thing as comity of nations exists when it comes to the question of commercial advantages which one country may gain over another, unless it be that the United States observes that comity. I think this Nation more than any other nation known to history has made financial and commercial sacrifices for the benefit of other nations far in excess of those they have received from other nations.

We are all familiar with the conditions as they existed throughout the first part of 1917. We are all familiar with the fact that there has been an excessive demand for water tonnage that led this Congress, the Congress of which this body is a committee, to make appropriations of enormous sums of money in order that we might supply the emergency shipping to take care of the losses incidental to the submarine and other casualties. But, notwithstanding that excessive demand for tonnage, we find that the freight for the Russian Railway Commission, the steel tonnage, which had been controlled by Great Britain for the past 24 months, was being diverted through New York from Chicago, from Pittsburgh, from Johnstown, from Birmingham, Ala., from whence it must necessarily move, if it moves as designated through the most congested gateway of the railways of this country—Cincinnati, shutting out other shippers. They designated and directed the movement via New York City, and by ship from New York City through the Panama Canal to Vladivostok, of 400,000 tons of Russian railway freight—freight that had far better moved from Birmingham through Kansas City on to Puget Sound;

from Pittsburgh on empty cars that were moved in that direction through Chicago, and thence to the Pacific coast; or on empty equipment that was being moved into the West in order to move foodstuffs East. It could have been moved from Puget Sound to Vladivostok by steamer, a trip of 12 days. This would have conserved not less than from 50 to 60 per cent of the ocean tonnage and provided west-bound freight for the railroads that were carrying cars empty at an excessive cost in order to move East foodstuffs and the other material that the West produces which the East must have.

Those conditions contributed to the reasons why it was necessary for the railroads in this country to come before the Interstate Commerce Commission and demand increase of freight rates. These shipments moved for the British Government to Russia in British bottoms that were not being used in the war zone. From New York through the Panama Canal, in the month of March and in the month of April, at least (and I will speak only of those things which I know; the rest we must leave to conjecture or to logical deduction), they moved at the rate of eight steamers a month. And the officials in this country having charge of such movement made the statement in the month of March that these shipments were all afloat; in other words, they were not delayed. And, at the same time, there was that crying demand for the movement of foodstuffs into New York City.

Now, who is going to control those things? Those things can not be controlled by any direct order of the railroads themselves. They just automatically come about through pressure brought to bear from one source or another that seems to have at least some official recognition. Pressure is brought to bear and finally the suggestion comes that is should be possible to give consideration to such movements because urgently needed by Russia, and delays are at an end.

Mr. HARDY. Did these ships going through the canal to Vladivostok touch at any intervening ports on our coasts?

Mr. CLARK. They went loaded with cargo to the hatches.

Mr. HARDY. With full loads from New York?

Mr. CLARK. Yes.

Mr. GOODWIN. What percentage of that load of overseas shipments was conveyed in American bottoms—or have you that?

Mr. CLARK. None of these shipments were conveyed in American bottoms. I regret to state that the Panama Canal statements of shipments from January 1 to July 1 of this year have not yet reached the States. All these records were kept in the Canal Zone.

Let me proceed a little further. This committee may not be aware of the fact that, while there is this crying demand for ships which originates from some source, I know not where, although I may have my suspicions, so that the ships of the American coastwise service must be diverted to the foreign trade, in order that the foreign ships may come into the coastwise trade, there are, at the present time, seven steamship lines, British and Japanese, advertising sailing dates from New York, Boston, and other Atlantic coast ports, through the Panama Canal to trans-Pacific destinations. And it will be interesting to know that notwithstanding we are assured that Great Britain has drawn all of her ships and thrown them into the war zone, she is still operating many vessels through the Panama Canal. For the fiscal year 1915-16 and the first half of 1917 (which was the last half of 1916), note the number of ships of British registry so operated.

In 1915 the British ships moving through the Panama Canal from the Atlantic to the Pacific were 226, throughout the entire year, carrying 795,153 tons of cargo. In 1916 there were 193, carrying 654,514 tons of cargo. In the first half of the next fiscal year, or half the time that is included in the other year computations, they moved through the Panama Canal, from the Atlantic to the Pacific, 208 British vessels. That is practically a 100 per cent increase. And I am confident, if we had the figures for 1917, in view of the fact that after January 1 they diverted these Russian railway shipments of 400,000 tons through the Panama Canal, we would find that instead of 100 per cent it would run over 150 per cent—ships that were not in any manner engaged in moving supplies and munitions from Atlantic coast ports through the war zone to supply the allies. Those 208 vessels, in the first half of the fiscal year 1917, carried 806,391 tons.

In the reverse direction, in 1915, British ships from the Pacific to the Atlantic—that means from all trans-Pacific ports and includes to the trans-Atlantic ports, and from Pacific coast ports of the United States to trans-Atlantic ports—they moved 220 vessels carrying 1,396,091 tons. In the fiscal year of 1916 they moved 165 vessels in the entire year, with 790,238 tons.

MR. GOODWIN. Those are ships going from Pacific to Atlantic ports?

MR. CLARK. These are ships going from Pacific to Atlantic ports—these last that I am reading.

MR. EDMONDS. Of what nationalities?

MR. CLARK. British.

MR. EDMONDS. British alone?

MR. CLARK. Yes. And for the last half of the calendar year 1916—

MR. BOWERS. For the last half?

MR. CLARK. The last half. The first half of the fiscal year 1917 they moved 222 ships from the Pacific to the Atlantic, carrying 1,164,880 tons of cargo.

MR. GOODWIN. All British ships?

MR. CLARK. All British ships.

MR. HARDY. You said in some part of your remarks that included British ships from the Pacific coast of the United States.

MR. CLARK. Possibly from the Pacific coast of the United States to European destinations. The canal records do not segregate the movements except by six trade routes. They do not designate the nationality of the ships serving those trade routes.

MR. HARDY. I understood you to say, in answer to Mr. Goodwin, that those were British ships.

MR. CLARK. These are British ships.

MR. HARDY. But you had before that stated that you included in this canal tonnage ships from United States ports.

MR. CLARK. Yes; ships from United States ports through the canal; British ships from United States ports through the canal.

MR. GOODWIN. Have you the figures there now for the Japanese ships?

MR. CLARK. Yes.

MR. GOODWIN. From Pacific ports to European ports through the canal?

Mr. CLARK. I have the statement of Japanese ships through the canal for the fiscal years 1915, 1916, and the first half of 1917; i. e., the last half of the calendar year 1916. I can not say as to the destinations. The figures of the first part of the current calendar year would undoubtedly be very interesting, but they are not yet obtainable. In 1915, from the Atlantic to the Pacific, Japanese ships, 4, with 16,999 tons of cargo; in 1916, 19 ships, with 101,472 tons of cargo; in the last half of 1916, or the first half of the 1917 fiscal year, 28 ships, with 131,907 tons of cargo. From the Pacific to Atlantic, 1915, 2 ships, with 14,000 tons of cargo; 1916, 5 ships, with 19,000 tons of cargo; 1917 (that is, the first half of the fiscal year 1917), 10 ships, with 63,022 tons of cargo. There is not very much movement of Japanese ships, considering their tonnage in the Pacific, and they are not of very much assistance in the matter of moving Pacific coast foodstuffs, such as wheat, from Pacific coast ports, such as Puget Sound and Portland, to trans-Atlantic destinations.

Of French, in 1915 there were 2 ships from the Atlantic to the Pacific, carrying 9,163 tons of cargo; in 1916 there was no movement of the French ships through the Panama Canal; and in the first half of the fiscal year 1917 there were 3 ships, carrying 385 tons. In the reverse direction, or from the Pacific to the Atlantic, there was 1 ship in 1915, with 6,800 tons; 1 in 1916, with 6,173 tons; and 3 in the first half of the current fiscal year, with 23,923 tons.

Mr. HARDY. Is this last, now, American tonnage?

Mr. CLARK. It is French tonnage.

Mr. HARDY. That is French tonnage?

Mr. CLARK. Yes. Of Russian tonnage, in 1915, there were five ships, with 22,431 tons, from the Atlantic to the Pacific; in 1916, one ship, with 4,571 tons; in the first half of the fiscal year 1917, no movement. From the Pacific to the Atlantic, in 1915, of Russian ships, one in ballast; in 1916, none; in 1917, the first half, one ship, with 3,550 tons.

Mr. HARDY. Have you the American tonnage moving that way?

Mr. CLARK. I think I have that. I can locate it here in just a moment. The American tonnage largely moved from the coast of Chili through the Panama Canal to Atlantic coast ports with nitrates.

Mr. GOODWIN. Does that data show whether any of those ships conveyed soldiers or merely tonnage?

Mr. CLARK. Passenger lists are not shown.

Mr. BOWERS. Freight tonnage, isn't it?

Mr. CLARK. It is freight tonnage.

Mr. GOODWIN. I thought it might show soldiers carried from Australia through the canal to Europe.

Mr. CLARK. This shows freight—the quantities of freight carried. It indicates freight cargoes rather than soldiers.

Mr. EDMONDS. I think the natural movement of freight to Vladivostok, through the canal, was occasioned by the northern ports of Russia being closed, wasn't it, to a great extent?

Mr. CLARK. All the western ports of Russia, until the port of Archangel was opened, were closed during the winter months. And there is a new port now that they expect to have opened. It is a northern port supposed to be free from ice the year through.

And especially of particular interest at this time, as affecting our eastern rail shipments and affording the possibility of balancing our

rail traffic, is the probability of the cessation of the movement of trans-Atlantic freight to Russia by reason of the fear of German aggression to the north and the possibility that supplies so moved to that country might fall into the hands of Germany if they should be successful in furthering their campaign in that direction.

Mr. GOODWIN. How about shipments by way of the Pacific?

Mr. CLARK. Shipments by way of the Pacific go by way of Vladivostok. There is little danger of their falling into the hands of Germany from there. They would have to go a long way into the interior of Russia to get them; and while any portion of the Russian Army remains at war with Germany shipments moving via Vladivostok should certainly be considered as safe from capture.

Mr. EDMONDS. What you are trying to bring to our attention is the fact that if this tonnage went by rail from the eastern manufacturing centers to the Pacific coast, that would release these British ships?

Mr. CLARK. Exactly.

Mr. EDMONDS. And would give, next, a balanced freight movement for empty cars, westbound?

Mr. CLARK. Yes. I want to call attention to this, first, before emphasizing that particular point: The tonnage through the canal—this tonnage from Atlantic coast ports in the United States to trans-Pacific ports—includes all the tonnage to Vladivostok, to Japan, to China, to the Philippine Islands, to Australia, to New Zealand, to India, to Singapore—to any of those ports; it is the only way in which the canal records classify it.

Mr. HARDY. Will you, in finishing your notes, give the statement of the American tonnage along with this other tonnage?

Mr. CLARK. I will do that, yes. The tonnage through the canal from Atlantic coast ports, in 1915, to trans-Pacific destinations, consisted of 102 vessels. That is all kinds. They moved 627,517 tons. In 1916 there were 99 vessels, which moved 706,869 tons. In the first half of the fiscal year 1917 there were 91 vessels with 623,332 tons. Accepting the lowest amount, accepting the conditions as they existed in the last half of 1916 without the addition of the abnormal tonnage moving in the first half of 1917, under direction of London, to Vladivostok alone, we have there 623,000 tons for the half year. If we consider the tonnage for the second half of the year equal to the first half, and add tonnage that we know moved to Vladivostok only in the last half year, we have probably 1,600,000 tons; in other words, 1,600,000 tons for the year that moved by ships, occupying bottoms for an excess period of 60 days. Let us put it in this form, 1,600,000 tons of ships tied up for an additional 60 days in the moving from Atlantic coast ports to trans-Pacific destinations of 1,600,000 tons of freight that ought to have been placed on empty cars, which moved from Pittsburgh and other eastern centers to the Pacific coast, in order to give to the West cars that they might move food supplies east.

Mr. EDMONDS. And in order to relieve ships for other trades?

Mr. CLARK. And which would provide a balanced traffic in this country and provide a prosperity that can not otherwise be secured.

Mr. EDMONDS. And relieve ships for other work?

Mr. CLARK. And relieve ships for other work.

Mr. EDMONDS. You spoke of those 365 munitions plants in Canada. Where do they ship—to Vladivostok?

Mr. CLARK. They ship to France for the Canadian troops. I hesitate to place in a public record some of the things that I absolutely know in connection with the manner in which congestion of our eastern terminals and the shortage of cars in the West was brought about.

Mr. HADLEY. I suggest if there is anything he wants to state, of a nature about which he is doubtful, that it be reserved for an executive session when he is through making his general statement.

Mr. SCOTT. On your suggested shipments from interior points to the West: Supposing that your idea had been carried out, instead of using the British ships in taking them through the Panama Canal and then going from there on to trans-Pacific points, if the shipment had been made by rail, would it have been possible to have secured ships to have taken care of this tonnage out of Pacific ports?

Mr. CLARK. Certainly one-half of the ships that were being used to carry that same tonnage out of Atlantic ports could have carried it out of Pacific ports—the same tonnage.

Mr. HARDY. You mean to say that made a great deal longer voyage than was necessary and consumed time that could have been utilized in the shorter voyage.

Mr. CLARK. Identically. It might, perhaps, have cost a few more dollars; but if this war is going to be measured by the economy of dollars, we have a long siege before us.

Mr. HARDY. But you recognize, Mr. Clark, that as long as private individuals manage things, or private corporations, or almost public corporations, they are going to look after the dollar for themselves.

Mr. GOODWIN. That leads to the question I was going to ask Mr. Clark: How can those matters—these shipments—be controlled by governmental orders when they are in the hands of individuals?

Mr. CLARK. We have passed an enabling act, as I understand, that permits the administration to do anything that it finds to be necessary in connection with these matters. We have said that embargoes shall be effected; and the surest way to produce this desirable result would be for some competent authority, or some one yet to be vested with that competent authority if it does not now exist, to state that until further notice there shall not be cleared from an Atlantic coast port a shipment with a trans-Pacific destination. And if you will bring that about you will provide cars for the West to move food to the Eastern States, and you will avoid the necessity of spending \$100,000,000 to buy railroad cars if you can produce that result. You will, at the same time, release from 20 to 33½ per cent of the shipping that is now engaged in handling that business.

Mr. EDMONDS. Did you not testify that these shipments made to Russian ports were made under instructions from the British commission?

Mr. CLARK. I was so advised by the parties handling them, and they stated, further, that there was not a man in this country who had authority to modify a single one of those shipments. While those shipments were moving from those points into New York City, for movement through the Panama Canal, under the same instructing genius shipments that originated in Halifax, on the Atlantic seaboard, were being moved by rail across Canada and through Van-

couver to Vladivostok, on the vessels of the Russian volunteer fleet and other British vessels, notably those of Robert Dollar, who had transferred his fleet from the United States to escape the operations of the La Follette bill—on his steamers from Vancouver to Vladivostok.

Mr. HARDY. You would make that embargo applicable to American and all foreign ships—just simply a prohibition?

Mr. CLARK. A prohibition against exporting from the Atlantic ports to trans-Pacific destinations.

Mr. HARDY. On any shipments from Atlantic ports by way of the Panama Canal?

Mr. CLARK. By any route; the prohibition of any exports from an Atlantic coast port, by water, to a trans-Pacific destination. Then you have stopped the greed—if it be greed—of the neutral or allied ships.

Mr. HARDY. That would require these ships to stay on one side?

Mr. CLARK. If they desired that trade, they would have to take it from the Pacific coast.

Mr. BOWERS. It should only affect American ports?

Mr. CLARK. It should only affect American ports.

Mr. BOWERS. But in the Canadian ports, instead of being shipped via the Panama Canal, it is carried across the continent and shipped from Vancouver and Prince Rupert?

Mr. CLARK. Yes. And, by the way, there is an interesting situation there that I think this committee ought to know, and if it desires to go into that matter in executive session I will tell you some more of the things with reference to what was done with reference to Halifax and Vancouver in order to insure the Canadian Pacific should have a balanced traffic.

Mr. HARDY. I do not think those matters are any matters of secrecy. It is bound to be a public record, and I would like to have it stated right here.

Mr. BOWERS. I would like to see the full statement a matter of record.

Mr. CLARK. You remember in the early years of the war this country was very much exercised and its citizens very much wrought up over the fact that American vessels destined for neutral ports were held up on the high seas and frequently taken into British ports, there to be examined and not infrequently held for a very considerable length of time, and sometimes not released at all and the cargoes taken. So that we in this country had begun to be very much excited over this idea, and it was, I understand, made the subject of certain diplomatic notes. That thing continued until this country was pretty thoroughly excited on the question, and then, all of a sudden—and it came along last fall—it was suggested "We are going now to provide a way that will obviate all this necessity for examination on the high seas or examination at British ports; we are going to open for you the port of Halifax as a boon to American shipping." And it was so heralded by the newspapers in this country whose editors apparently only superficially studied that situation. "Your ships may go now to Halifax and be examined, and proceed from Halifax to any neutral country after they receive their certificate from Halifax."

I have reason to believe that the opening of Halifax was by agreement between Canada and Great Britain, and that it served no other purpose than the possibility of diverting British ships, with cargoes for American customers, from New York, from Philadelphia, from Boston, and from Baltimore to Halifax; just as we know that it was worked with reference to the Pacific in the matter of cargoes to Vancouver. One had to provide, however, some way by which one could justify asking the American importer to send his shipments via Halifax instead of via New York. What more reasonable than to divert through the already congested eastern district 400,000 tons of shipments with a trans-Pacific destination, which proved to be the last straw that broke the camel's back, and makes it possible for representatives of transportation to the north of the line to say to the importer "If you send your shipments through New York City there is an embargo and you can not get them; but if you will send them through Halifax there is no delay." And that same condition which also kept cars out of the West and left the eastern facilities congested makes it possible for representatives of those same transportation interests to be able to say to the importer from trans-Pacific destination, "If you send your shipments to Vancouver we have ample American car equipment there, and we can deliver them to you promptly. If you send them to Puget Sound, if you send them to San Francisco, if you send them to Portland the docks are piled with import freight for which there are no cars. Neither were there cars there even for the movement of lumber. And that condition has been exaggerated until in the first half of this year, when it was necessary to move lumber for the cantonment at Des Moines, Iowa, one transportation company moved 36 empty cars from Minnesota. Transfer to Puget Sound, without revenues, to move 36 cars of lumber from Puget Sound to the cantonment at Des Moines, Iowa, at the Government's rate of 50 per cent off land grant, a rate of 26½ cents, or the equivalent of 13½ cents per hundred pounds for a 2,000-mile car haul. That means a net loss. That means that if we continue the movement of Government freight, under conditions like that, it will necessitate western railroads coming before the Interstate Commerce Commission and on showing of necessity requesting an increased rate that must then be paid by your constituents, our people in the West, in order to make up those losses. Those conditions produced identically that result, while the roads to the north of the line—

Mr. EDMONDS. Let me interrupt you right there. I have understood from an importer in New York, Mr. Clark, that he had to get goods via Halifax and bring them down on the Grand Trunk Railway and connecting lines to New York City himself.

Mr. CLARK. That is a part of the scheme. I am told that when Congress passed the immigration bill, and the bureau formulated regulations requiring of British shipowners or the British corporations operating out of New York, that under the changed law they must produce certificates of the departure of aliens from this country into Canada signed by the last conductor outgoing; that it was generally suggested that "If the regulations do not suit us we will transfer this business to Halifax."

I would not feel so keenly on some of these subjects, perhaps, were it not for the fact I had been studying fisheries questions, and

studying them carefully, and I know what is being done in connection with the fisheries to divert the fisheries and the benefit of the fisheries to Great Britain—not alone to Canada, but to Great Britain—as a State institution. We have some facts on that.

Mr. HARDY. Mr. Clark, isn't it a fact that in this matter of shipping all the nations with whom we have favored treaty clauses have in the past, to some extent, found some way of avoiding the effect of our equal treatment and of giving the advantages to their own shipping?

Mr. SCOTT. He covered that while you were out.

Mr. CLARK. That is true, Mr. Hardy. And, furthermore, I am going to go further than that. I am going to state that they have even found ways to evade our laws.

Mr. HARDY. Is not the real answer to that situation the proposition to clothe our diplomatic authorities with larger powers of retaliation and of protection of themselves?

Mr. CLARK. I think that perhaps it would be better to put it in the form of "instruct our diplomatic authorities" instead of simply "clothe them."

Mr. HARDY. The difference between instructing and giving powers is this, that this is a huge cumbersome body that hears only one side of the question presented, without the other; while an executive, a diplomatic body, has everything before it when it acts? And it seems to me that instructions too far would be better replaced by authority to act, and I think you agree with me on that.

Mr. CLARK. I think I do; I think I fully agree with you that there should be some competent authority that would be able to study these conditions.

Mr. HARDY. With a liberal amount of power.

Mr. CLARK. And instructed to gain everything they could.

Mr. HARDY. Instructed to do that, of course. But I do not think they need any instructions of that kind.

Mr. CLARK. I do not know. I have remarked, I think perhaps before you came in, that I feel perhaps the United States is the only Nation that could be charged with observing comity of nations.

Mr. HARDY. I want to make one suggestion right there, that I think upon mature study you will agree that there never has been an administration in power, Republican or Democratic, that has willfully betrayed our interests to another nation. And therefore what you want to do is to give power.

Mr. CLARK. I think that is absolutely true with reference to the administrative and general intent. But, unfortunately, there have been many efforts made where the result is sometimes obtained by apparently clerical methods exerted within the departments without the approval of the administration.

Mr. HARDY. Let me make this suggestion to you there: A great deal of the lapsing of our administrations with reference to shipping and the failure to avail themselves of possibilities, has been the result of the fact that our shipping interests overseas have been so small that they have not even applied to the executive authorities for any kind of guidance or assistance?

Mr. CLARK. I think that is true.

Mr. HARDY. That was developed very plainly here when Mr. Dollar, for the first time after years of my sitting on this committee,

brought out the fact, if it is a fact, that our measurements placed us under big disadvantages as compared to the English measurements, in the payment of tonnage dues. And I asked him the question why he had not gone to the executive and diplomatic departments to have that corrected. "Well, it did not amount to anything; we had no ships." And as long as the shipping interests paid no attention to it, the executive departments are excusable for not investigating those things, it seems to me. But immediately, all of a sudden, when we begin to get a shipping interest, they see these difficulties. And don't you think that clothed with the power, the executive departments will correct those inequities that are practiced and perpetrated on us?

Mr. CLARK. The difficulty with our present Government at any time and particularly the present time is this, Mr. Hardy, that any question of that kind necessarily involves so much detail that our public men have not the time to give it the proper consideration. And very frequently, as these matters are prepared in a purely academic manner by clerical forces from within, for the consideration of heads of departments, coming to them with an O. K., it is passed and accepted as such without having the consideration to which it would ordinarily be entitled and which they would gladly give if they had the time.

Mr. HARDY. You know how poorly a case is presented when no attorney presents it.

Mr. CLARK. Exactly.

Mr. HARDY. And if men like you went before a department headed by a man like Mr. Redfield, by men who have a pretty keen knowledge of the details as well as the general situation, and would present the questions, do you think they would go unnoticed?

Mr. CLARK. Not unnoticed; I have had some reason to believe it would not go unnoticed. I spent some months down here with the Department of State and the Department of Commerce and Members of Congress in the matter of certain fishery legislation which was absolutely essential to preserve to the United States that which it had left of the fisheries—those on the Pacific coast; because we proved, and proved conclusively, that our fisheries on the Atlantic coast had been absolutely absorbed so far as New England was concerned.

Mr. HARDY. You understand now that with the Shipping Board, whose creation I think was one of the wisest acts we have done, we have created a great body whose study of our shipping relations and shipping interests of this country should result in some wise administrative measures as well as wise legislative measures.

Mr. CLARK. You remember this, though, Mr. Hardy, in connection with this fishing matter, that this committee had up for consideration, together with a brief, which was a statement made by the fresh-fish people of our Pacific coast and which I had the honor of preparing for them, simply through patriotic motives, there was no compensation; I was not associated with them at the time, but I knew some of the facts and I knew they had more of the facts, and I collated these facts and prepared the statement that it might be in the hands of this committee, in the hands of the President, in the hands of the Department of State and Department of Commerce, and

those who were considering what was known as the fresh-fish bonding measure, under which it was intended to provide that all fish taken from the North Pacific Ocean or its tributary waters, destined to United States markets, must be marketed from the American side of the line—in other words, from a United States port—and you will recall when that matter reached a conclusion in the Senate where it had been passed by the Senate and was under consideration by the committee in conference, that the British ambassador protested that such legislation was an unfriendly act, and it was eliminated.

Mr. HARDY. I do not recall that protest.

Mr. EDMONDS. It was dropped in conference, Mr. Chairman.

Mr. HADLEY. It went on as a rider in the Senate.

Mr. HARDY. I am very much in favor of free ships, as you gentlemen know; but notwithstanding that, I do not believe in letting any nation put restrictions on us and we not put equal restrictions on them.

Mr. ROWE. The people of Canada have done a great many unfriendly acts so far as we are concerned, have they not?

Mr. CLARK. There is no doubt about that, even to the extent of denying American fishing vessels the privilege of clearing from Prince Rupert to an American port, and that, I am informed, no longer ago than July of this year.

Mr. HARDY. There is no question but that Canada has become very exclusive in protecting her industries and in order to build up her own interests; but I do not think she is helping herself very much.

Mr. CLARK. I just want to add one or two items that have been published, and are therefore of general knowledge, with reference to this British shipping situation as it is apparently understood by Canadians and Englishmen. The report of the British Admiralty in March by Lord Curzon was to the effect that Great Britain's tonnage was only 400 vessels of over 1,600 tons short of the number owned at the outbreak of the war, and he stated that the construction then under way was of a character to greatly lessen this shortage.

Mr. RODENBERG. What did you say was the date of that report?

Mr. CLARK. That was published as of March, 1917. An official special released to the New York Herald and censored undoubtedly from London, August 3, makes this statement, that—

Only 50 per cent of England's ships engaged in foreign trade have been recalled for home needs, and that but half of that tonnage was now serving military needs, the remainder being engaged in trade between foreign countries and the various parts of the British domain. And incidentally—

And right here I think is the crux of the situation with reference to foreign ships in the American coastwise trade, or ships under the American flag, foreign-owned, in the coastwise trade, as by subterfuge some of them now are—

and incidentally rendering by their earnings important service to the mother country.

Other nations are not particular under what flag their ships serve, so long as they can bring home the earnings and they get the benefits of that service. I think that was demonstrated when it was proposed, early in this year, that Norwegian ships presumably under construction in this country for a neutral power, should be admitted into our coastwise service under the American flag, owned by cor-

porations the stock of which was entirely owned by foreigners, and the masters of which ships were, in many instances, foreigners. And that went unheeded and without protest from the supposed owners until war was declared and we organized our shipping board and provided funds by which they might build American ships, and they proposed then that they were going to take over the same ships concerning which there had been no protest as to their coming into the coastwise service with the foreign ownership, but they were now to be taken over and owned absolutely by this Government. And then comes the protest, and from Great Britain comes this statement: "These are our ships, and we want them." In other words, they were willing the ships should remain under the American flag and take the benefits that might accrue from being permitted to enter into the coastwise trade, until——

Mr. HARDY. How did they get under the American flag?

Mr. CLARK. The proposition was made that those ships should be documented in the United States, owned by an American corporation whose stock was entirely owned by foreigners.

Mr. ROWE. But that did not become a law.

Mr. CLARK. That did not become a law; no.

Mr. ROWE. That was up before this committee, and there was plenty of protest before this committee.

Mr. CLARK. I understand that, but there was no foreign protest, no protest on the part of the owners of the ships.

Mr. ROWE. Oh, no. On the other hand, there was quite a little help to get the bill through on behalf of some interests.

Mr. EDMONDS. Wasn't it last March that Lloyd George made the statement in England, published in all the newspapers, that they proposed to come out of this war with a larger number of ships than they had before the war—a larger merchant fleet than they had before the war?

Mr. CLARK. I think some time during the war that statement was made. But I recall a more recent statement in which Mr. Benson, a prominent English engineer, sounded a note of alarm to this country, in the matter of building ships. He said this country, or the Shipping Board, had determined against the Diesel engine construction, and he assured us through the press this was a great mistake, and that the influence against the Diesel engine construction was from Great Britain. He added these words:

Great Britain controls 57 coaling stations on the principal trade routes of the world, and when this war is over she will coal British ships first and only coal neutral ships when there are no British ships to coal.

And he advised that we use the Diesel engine construction, as by so doing we would provide ships that could go around the world without regard to coaling stations.

Mr. HARDY. I interrupted you for the purpose of saying that it did not make any difference what England's protest was, if the ship was under the United States flag, whether the ship was owned or the stock of the corporation was owned in England or not, she could not make demand for those ships.

Mr. CLARK. No.

Mr. HARDY. That they were under our jurisdiction, and it was simply absurd for her to make any such demand as you spoke of when I interrupted you.

Mr. CLARK. Demand was not made until we proposed to take the ships over and buy them and take over the ownership of them.

Mr. HARDY. You made the statement, prior to that, that other nations were not particular what flag their ships were under; but whenever a ship comes under our flag, England can not control it any more under our laws.

Mr. CLARK. Long before this legislation was proposed, Great Britain had indicated her designs for an entering wedge into the American coastwise trade, and this was the thought that I intended to convey, that England was not disturbed by the fact that English ships, under the American flag, should remain in the coastwise service and be directed and controlled by the United States so long as the earnings of those ships should come home to England.

Mr. HARDY. Oh, we will waive that. On England's investment in our bonds and everything she owns, the earnings went home—on England's stock in our railroads and the capital she has invested there. But I want to suggest another thing, that it was immaterial to the United States, if our people owned ships under the English flag, which they could do by owning stock in the company—it was immaterial whether our ships were under the American or British flags, except for one thing. When this war broke out England had a right to take charge of them. Our people could have gone on and had a big merchant marine under a foreign flag, and been operating it except for that situation, and we could no more have gone to an American-owned company, under an English corporation, and taken those ships than England could come to an American corporation and take hers.

Mr. CLARK. No; I do not think she could take her ships; only the revenues.

Mr. HARDY. They will do it, if they own them; and we will do it if we own the ships under their flag, which we will do, one way or the other.

Mr. CLARK. I would like to introduce at this time a statement from the British blue book, which I think is one of the strongest comments, perhaps, we could have with reference to our policy of over 100 years of conserving our coastwise trade to American ships. This was the blue book issued just prior to the outbreak of the existing war:

The present policy of the United States to exclude foreign-built ships from our coastwise routes, has developed a fleet of ships built in the United States and flying the American flag, trading on the Atlantic and Pacific coasts, in the Gulf of Mexico, and on the Great Lakes surpassing in tonnage the combined coastwise fleets of the leading maritime nations of the world, and it is chiefly due to this enormous volume of domestic tonnage that the United States ranks to-day as the second largest maritime nation in the world.

Mr. HARDY. Is not that, when you figure it, a very simple thing, that we had a certain amount of shipping here that had to be done, from which every other nation was excluded by our positive laws, and we had to build the ships for that?

Mr. CLARK. I think that is true. And for that reason, I think—

Mr. HARDY. And now, at the same time it produced the merchant marine for our coasting trade, did not those laws absolutely kill our trans-Atlantic and trans-Pacific trade?

Mr. CLARK. No; I would hold rather to the contrary, and hold this, that if Great Britain, for instance, who was our leading competitor

in maritime matters, could have had entry to our coastwise business that we would have had neither coastwise nor foreign vessels.

Mr. HARDY. Let us grant for the sake of argument that you are right in that. But under 50 years of administration of this policy of exclusive American-built ships only being allowed to fly our flag, wasn't it a fact that every ship flying the American flag left the trans-Atlantic and trans-Pacific trade?

Mr. CLARK. I hold that that was not so much due——

Mr. HARDY. To whatever it is due, under that policy it all disappeared, did it not?

Mr. CLARK. Let me make this explanation.

Mr. EDMONDS. Might I ask Mr. Hardy a question. You said "50 years," Mr. Hardy. Did you mean we had only excluded foreign ships from the coastwise trade in the last 50 years?

Mr. HARDY. No; I mean in the last 50 years only has our flag disappeared from the seas; certainly, only since the close of the war.

Mr. EDMONDS. Hasn't it always been our policy to exclude foreign ships from our coastwise trade.

Mr. HARDY. Yes; and other countries——

Mr. EDMONDS. And yet we did build up a large tonnage of merchant vessels, with this same law in effect, prior to the war.

Mr. HARDY. We went in and built up the largest tonnage when we were building ships the cheapest in the world, and we lost our tonnage when the ships cost more to build.

Mr. EDMONDS. That is it exactly.

Mr. CLARK. Let me make this explanation: I am satisfied it was not so much the cost of ships that has restricted us in the foreign trade as it was the cost of operating those ships. We operate our ships with an entirely different class of seamen, or they are presumed to be an entirely different class of seamen, and under restrictions of navigation laws which do not obtain with reference to other nations, and particularly with reference to Great Britain. I will give an example of that. On the Pacific coast, for instance, the Admiral Line were forced to expend \$55,000 in putting on certain devices which acts of Congress required in order to make shipping safe in order that passengers of the United States might be safe in their movement from Puget Sound to Alaska, while British ships have been carrying those same identical passengers at other times on other ships not so equipped, and at a great deal less expense to themselves, by reason of their lesser cost of operation than the American ships that were required by law to have these certain devices.

Mr. HARDY. When were those requirements of law put into operation?

Mr. CLARK. I am getting in over my head now, Mr. Hardy, in matters of shipping law details.

Mr. HARDY. I want to say to you that ever since I have been on this committee I have been in favor of removing every restriction on American ships that did not apply to other ships trading in our ports.

Mr. CLARK. I think that would be an admirable and commendable course for this Government to pursue. And take, for instance, under the operations of the La Follette bill which provides, among other

things, that crews on those vessels must understand the language of the captain or that the captain must be able to understand the language of the crews and be able to give direct orders to the men, British ships, operating with Chinese coolies, without this requirement, have been enabled to put American ships that were on the Pacific absolutely out of business.

Mr. HARDY. Will you let me stop you right there a minute? Maj. Schwerin, or whatever his title is, assigned that language in the law as a reason for him selling his ships.

Mr. CLARK. That is the Pacific Mail Steamship Line.

Mr. HARDY. But when he appeared before this committee and we had his testimony—and I called his attention to it in a letter—he stated he did not have a Chinaman in his crew that could not comply with the terms of that language test. So that when he assigned that law as the reason for selling those ships he went right counter to his testimony here when he said that his Chinese crews were all capable of meeting that language test.

Mr. CLARK. I think it is true that upon practically every English ship they have a No. 1 China boy in the steward's department, a No. 1 boy in the engine room, and a No. 1 boy in the mates' department who has to understand the language of the officers and be able to interpret it, and orders are given through the interpreter. But I do not understand this to comply with our law; but that under our law the crew must be able to understand the language of the officers.

Mr. HARDY. Our law does not require the crew to understand the English language generally, but it only requires them to be sufficiently familiar with the English language to understand the captain's orders.

Mr. CLARK. To understand his orders.

Mr. HARDY. And Mr. Schwerin testified before us that his crews were able to comply with it, and they were among the best crews he had. But I do not want to take up your time. You were talking about the Diesel engine when I interrupted you.

Mr. CLARK. I had finished on that. That was just simply a casual interpolation.

To summarize on this point, as to the question of the law's necessity, we have demonstrated that from 1907 down to March of this year, when no American shipping was deemed available, that it has been possible by Executive order or Executive authority for the Secretary of the Treasury to permit ships to move from Newport News to the Pacific coast in an emergency; though that emergency was simply a matter of financial economy. If ships could move under such emergency it should be possible without a modification of the law, in time of war surely, and that without protest from any public-spirited American citizen, to make that same application to the movement of coal or cotton, or any other commodity that was required to be moved, from one American port to another American port by any ship of a foreign flag available in such port for such movement, in the absence of American ships.

Mr. HARDY. You say you favor that position?

Mr. CLARK. We believe that to be the present situation, and that there should be no objection. And, furthermore, I will say this—

Mr. HARDY. Is not that all that anybody or this bill wants to accomplish?

Mr. CLARK. That we believe is already existent, inasmuch as it has been exercised from 1907 down to March of this year; and, as I have expressed, there is no political obloquy that could attach to any one in connection with that movement, because they have moved during Democratic and Republican administrations alike, as a matter of exigency.

Mr. HADLEY. That phase of the matter, Judge Hardy, had been covered before you came in.

Mr. HARDY. I was asked to be here at 11 o'clock, as I understood, and I got here and got here on the minute.

Mr. CLARK. The second point was this, or rather the point that preceded that was this, that if there was no British tonnage available, or insufficient tonnage available in the Great Lakes for the handling of Canadian merchandise from Canadian port to Canadian port, and they found it necessary to call upon American tonnage to move Canadian shipments from one Canadian port to another, there was nothing to be gained by the United States by a blanket arrangement under which Canadian vessels could operate between American ports. Because, if there is insufficient shipping to handle the Canadian business, how can we expect to gain anything in the handling of American business through the use of British shipping?

Mr. HARDY. Mr. Clark, I am frank to say I can not understand the position of gentlemen like yourself. You say you all believe there is authority to authorize the use of foreign cargo space in case of emergency?

Mr. RODENBERG. And that it has been so held?

Mr. CLARK. Yes.

Mr. HARDY. But the departments do not believe there is any such authority; and now we put this bill in here to make it clear there is such authority, and you gentlemen who believe it ought to exist and does exist fight the bill that makes it clear. That is what I do not understand.

Mr. EDMONDS. I do not think Mr. Clark meant existing authority.

Mr. CLARK. No.

Mr. EDMONDS. He meant such authority had been exercised.

Mr. CLARK. Yes; that is the point.

Mr. HARDY. Ought it not to be exercised rightly instead of wrongly? That is what I want to get at. I understand you are in favor of exercising authority that the department thinks does not exist?

Mr. CLARK. I expressed this fear, a fear born of a careful and close study and analysis of the past two years—that of the effort of foreign transportation interests to nose their way into the American coastwise trade. And as long as this authority had been exercised in cases where the emergency seemed not nearly as great as in those that now confront us, it seemed to me perfectly proper to continue to exercise that authority, whether it be with warrant in law or otherwise.

Mr. HARDY. Right there: You are perfectly willing to have that power exercised without warrant of law, but you do not want it exercised by warrant of law. That is the point I do not understand.

**Mr. CLARK.** Just a moment. To avoid opening the door of the administration to excessive pressure brought through various channels upon members of the Shipping Board, to urge them to do certain things which in their limited time they have not the opportunity to analyze as to their ultimate effect upon the American coasting trade.

**Mr. HARDY.** But it all gets back to the fact that you prefer they would work outside of their authority and stretch the want of authority as far as possible rather than to give them definite authority and confine them to it.

**Mr. CLARK.** If you will permit me to proceed a little further, I will come to the point and demonstrate to you that there are none of the shipping interests in the United States that want this administration deprived of any essential authority necessary to accomplish those things.

**Mr. HARDY.** If they do not, then why won't they come to this bill?

**Mr. CLARK.** The third point I would like to summarize in connection with that is this: That if there were competent authority to prohibit the exportation from Atlantic coast ports of merchandise with a trans-Pacific destination for a limited time, that it would relieve the rail congestion in this country; that it would release shipping that would be more suited to our seas' work than any we could take from our coastwise trade.

**Mr. HARDY.** Let me say your argument on that point has been very interesting to me, and I am not prepared to say that if a bill were prepared and presented to this committee, with a showing that our commerce was suffering by reason of diverting its tonnage, that I would not be prepared—I rather incline to think I would be prepared—to join in passing a law for that kind of embargo, if necessary.

**Mr. EDMONDS.** I think in the earlier testimony of Mr. Clark he testified that there was not any necessity for a law to be passed; that they had authority at the present time.

**Mr. WHITE, Jr.** Under the preferential shipment law.

**Mr. HARDY.** Of course, if the law is ample and we have this authority we need not do anything more. We can only give authority of law; that is all Congress can do.

**Mr. EDMONDS.** You say that was under the preferential shipment act?

**Mr. WHITE, Jr.** Yes.

**Mr. CLARK.** Now, let us come to the question of the real reasons why, perhaps, we fear the efforts that will be made in connection with this legislation to secure simply one thing, that the Alaska-Pacific coast trade shall be open to foreign steamers which are lying in wait for that purpose—steamers that are equal to or the superior of any of our boats in the Pacific coast fleet, but which have not been called by Canada or by Great Britain into the trans-Atlantic trade or into any other trade for the prosecution of the war.

**Mr. Bunch,** in his testimony the other day, read a statement that was made by Mr. McAuley, who is the freight and passenger agent for the Grand Trunk Pacific Railway, with headquarters at Prince Rupert, prior to the time of the presenting of these bills in the Senate and House. He was making the statement that it was only

a question of less than six months when the Canadian Government would have completed arrangements with the United States Government under which Canadian steamers would be permitted to operate in the coastwise trade of Alaska and Puget Sound; and that it was also understood that the larger American boats were to be taken away from that service and that Alaska would be obliged to depend upon the small American boats and the Canadian vessels, concerning which latter vessels he volunteered the information that they were unfitted for the trans-Atlantic service.

There are three American ships engaged in the Alaska service with a tonnage of 3,000 tons or over. There are, in addition to that, four vessels in the coastwise trade—two from Puget Sound and two from the Columbia River to San Francisco—that are over 3,000 tons. Two of those vessels, I understand, have already been designated for transport work; that is, the *Northern Pacific* and the *Great Northern*. Two others, I was informed by a member of the Shipping Board, would probably be considered—the *Governor* and the *President*. I was also assured that no other American boats were under consideration; at least, that was my understanding of my interview. And I was rather surprised the other day to hear Mr. Stevens make a statement before this committee that there were a number of boats in that Alaska trade that were admirably adapted for transports and, sooner or later, would be taken, which was in such perfect harmony with the statements that came from Canada prior to the time these bills were introduced that it left me wondering how they guessed it. I am sure they did not get that information from the Shipping Board; I am sure they did not get that information from the Department of State; I am sure they did not get that information from the Department of Commerce. But it occurred to me, in view of their activities in the effort to break into the American coastwise trade and divert the Alaska business away from the United States to and through Canada, for the benefit of Canada, that it might have been that away back, underneath the whole thing, it may have had its origin and inception in Canadian soil. And that thought was borne out by the statement of Mr. Huger the other day, to the effect that Great Britain had already taken the initiative in this matter and had opened the ports on the Great Lakes to the north of the line.

Mr. HARDY. Do I understand you to present the idea that you can not account for the origin of this thought to utilize foreign cargo space unless it was injected—

Mr. CLARK. No; I felt that in view of plain statements that have been made by officials of the Grand Trunk Pacific Railway Co. for some time past that was what they had in mind, and that they had utilized—

Mr. HARDY. Isn't it perfectly natural that they should have reasoned out what would happen under certain conditions, and been absolutely certain that when we saw the congested condition of our ports and saw cargo space going empty from those ports, that the natural suggestion to the public mind would be to use that cargo space to relieve the congestion?

Mr. CLARK. I have heard it suggested—it has been suggested in these hearings—that there is empty foreign tonnage going from American port to American port. But there have been no figures

presented and no statements of specific ships. And when the question has been asked as to what specific demand there was, it was suggested merely that this was for emergencies that were yet to arise. And the only exception that I recall was the statement that there was a ship at Newport News that had lost its charter which might have been utilized to carry coal from Newport News to Boston. If I am not mistaken, since the first hearings of this committee and the suggestion that this authority was available, efforts are being made to utilize foreign ships under existing authority.

Mr. HARDY. Hasn't it also been suggested that by some preconceived and concerted movement there has been an effort to concentrate freight in the United States at New York and send it abroad there, and not to let other ports do much exporting?

Mr. CLARK. There is no question about that. I am satisfied that one thing that has caused the trouble is that we have attempted to force everything through certain specific channels instead of recognizing we had a war condition which involved that the ports of the South and the ports of the Pacific should be used where possible.

Mr. HARDY. Is it not perfectly natural that foreign ships coming to this country, not having a right to move from one port in this country to another and carry freight, should seek to concentrate all export freight in one big port and touch there and not touch at any more ports?

Mr. CLARK. That seems to be natural, and it seems to be natural that a man in the exporting business wants to send his freight through only one port if he can.

Mr. HARDY. And if he has got to go to two or three ports and can not carry goods between them, is it not likely that the ship owner would like to concentrate all the freight in one port, and that that is the result of the very law we have got to-day?

Mr. CLARK. I do not see that the passing of this legislation would modify that law in the slightest particular.

Mr. HARDY. Except that it would enable the ship going from New York to another American port to utilize empty space, whereas now it can not do so, if under a foreign flag; and therefore the ships use their influence so as to bring that freight all to one place.

Mr. CLARK. May I ask whether this committee has any figures on the empty foreign tonnage that has moved from an American port to an American port in the last six months?

Mr. HARDY. I will state to you, Mr. Clark, that personally I am not very well posted on the details. I think our chairman knows more about that than anyone else. It is just my general impression, from reading the newspapers, that a great deal of relief could be had by allowing these ships to carry cargo; and I know that prior to the war ships went from our ports with thousands of tons in ballast.

Mr. EDMONDS. I doubt very much if such conditions exist to-day; I know they do not exist at Philadelphia.

Mr. HARDY. That is because we do not have the number of ships touching at American ports now, and, of course, we do not have the cargo space.

Mr. ROWE. We had that up, and the chairman asked to have some member of the Shipping Board come here and give us the information, and they came here, but they did not give us the information

we wanted to know—what and how many ships in our port-to-port business were going light when they could have carried a load.

Mr. RODENBERG. He stated only two ships.

Mr. HARDY. I was here when that suggestion was made.

Mr. BOWERS. I suggest that this gentleman wants to finish his statement.

Mr. EDMONDS. I would like for him to finish the Alaska situation while he is on it.

Mr. HADLEY. Yes; let him finish the one point he is on, because he won't be able to run through them all by the time we adjourn.

Mr. CLARK. There was very little more I had to say on that point. But I would like to present briefly certain of the conditions with reference to the Alaska situation and the effort of the Grand Trunk Pacific Railway to find entrance into the Alaskan trade.

Gold was discovered in the territory of the Yukon in Alaska in August, 1896, and the results of that discovery were heralded abroad subsequent to the arrival of the steamer *Portland* in the city of Seattle on the 17th day of July, 1897. The result of this gold discovery and the publicity given to it was to attract gold seekers from all parts of the world, the principal ports of embarkation for the gold fields being those of Puget Sound.

Prior to this time there had been no serious attempt to violate or evade United States statutes holding the coasting privileges of this country to vessels documented in the United States, but the offerings of freight for Alaska were so great as to tempt British vessels to seek Treasury Department rulings which would permit the carriage of domestic merchandise from Puget Sound to Victoria or Vancouver, British Columbia, in United States documented vessels, thence by British carriers to Dyea, Skagway, or to St. Michaels, from whence shipments moved farther on into the British Yukon territory.

The Secretary of the Treasury ruled adverse to the foreign application on the ground that such handling of merchandise would be in violation of laws reserving the coastwise trade of the United States to American vessels, being a palpable evasion of such laws, and stated that it was the policy of the United States to confine carrying by water for the whole voyage between American ports to American vessels, and further recommended legislation which would remove expressed doubts as to the possibility of court interpretations of earlier statutes adverse to exclusive American carriage.

The enactment on February 17, 1898, of Senate bill 3580 (55th Cong., 2d sess.) was for the purpose of carrying out the recommendations of the Secretary of the Treasury guaranteeing to American vessels the exclusive rights to the transportation of domestic merchandise for all and every part of a coastwise voyage on the coasts of the United States or between any part of the United States and the Territory of Alaska.

In the discussion in the House Mr. Payne expressed that this bill had been framed at the request of the Secretary of the Treasury in order to secure to United States documented vessels the coasting trade on the Atlantic and Pacific coasts, as well as coasting trade between the United States proper and Alaska, which had at that time become an important factor.

In speaking of this measure, Mr. Dingley said :

The coastwise trade of the United States employs three times as much tonnage as the coastwise tonnage of any other nation on the face of the earth. There is no difficulty about our coasting trade under the policy that has prevailed from the foundation of our Government—the policy of restricting participation in that trade to American vessels.

The bill in question set forth :

That no merchandise shall be transported by water under penalty of forfeiture thereof from any port of the United States to another port of the United States either directly or via a foreign port or for any part of the voyage in any other vessel than a vessel of the United States.

All interpretations of this act prior to 1913 protected carriers in all or any part of the transportation of a route which was part rail and part water, and common-carrier bonds issued subsequent to the passage of the act of February 17, 1898, contained the restriction "it is to be distinctly understood that only documented vessels of the United States are to be used by the company under the provisions of its bond." Under such interpretation vessels of Great Britain and all other nations were prohibited from participation in the carriage even from Canadian ports to American ports of bonded merchandise which had originated in United States ports and had moved by rail thence to Canadian ports.

As an example, the Boston & Alaska Transportation Co. was bonded at that time (1898) to carry such intransit merchandise between points in Canada and the Bering Sea and Yukon River and was restricted by the terms of its bond to the use of documented vessels of the United States in such trade notwithstanding the voyage from Canadian port to the American territory was part only of the transportation, the other part of the transportation having been by rail from points from within the United States. This was undoubtedly in accord with the intent and purposes of the act, and such construction of the statute should have continued indefinitely. This interpretation, as was intended, successfully prevented British vessels from carrying domestic merchandise between ports of the United States, not only for any portion of the voyage but for any portion of the transportation.

The June following the enactment of Senate bill 3580, a bill (H. R. 10164) to suspend laws which confined coastwise trade to American bottoms was introduced in Congress. The effect of this bill, had it been enacted, would have been to open the United States-Alaska trade to British shipping and, very soon after the bill had been enacted, to keep them out of the United States trade. The Committee on the Merchant Marine and Fisheries, to whom was referred this bill, submitted an adverse report, in which was set forth that—

This bill calls for the suspension of laws which confine coastwise trade to American bottoms. Protection against foreign bottoms in competing for our coastwise trade has always been an unchangeable policy of this Government. Had it not been for this immunity from foreign competition our merchant marine would have been driven from the ocean years ago. The exigencies of the present war with Spain do not warrant the abrogation of our present coastwise laws. \* \* \* The effect of this bill, if enacted, would be to create fear and distrust, followed by loss of business in our coastwise commerce.

Thus again were foreign interests forestalled in their efforts to secure an entrance into this one profitable field of American maritime

operation which had been conserved exclusively to the United States documented vessels, not only by law but by interpretation as well from our earliest history.

This condition continued until 1912, when a new opportunity seemed to present, and a new effort was made on the part of our neighbor to the north to break into this valuable trade. And it was a little cloud that was no larger than a man's hand that appeared on the horizon, and it did not arouse very much opposition; in fact, it did not arouse any. It made use of an American steamship company to accomplish its purpose, or secured, at least, the cooperation of an American steamship company.

In 1912 application was made for the creation of the support of Fairbanks, in Alaska. Back of and underlying this application, as was indicated by later developments, was the subtle desire to secure for British vessels an entering wedge into our coastwise trade, despite the fact that Congress had apparently successfully legislated against such possibility.

The White Pass & Yukon River Railway Co., a foreign corporation owning and operating foreign steamers on the Yukon River, desired to divert from American carriers via St. Michaels to Fairbanks the movement of freight shipments originating in United States territory, so that they should move via American vessels from Seattle to Skagway, thence via the White Pass Railway to White Horse, in Yukon Territory, and British steamers owned by that corporation thence to Fairbanks.

This foreign corporation, with the cooperation of the Border Line Transportation Co., an American corporation primarily benefited by such operation, sought a ruling from the Treasury Department which would permit freight to be so handled in bond on through bill of lading. The matter was referred to the Secretary of Commerce and Labor, and by his department to the Attorney General for a decision or opinion, which, when rendered, was in effect that the act of February 17, 1898, was not so worded as to prohibit such operation on the ground that it referred only to a "voyage entirely by water by vessels between ports of the United States," and he held that to prohibit such operations the statute would require to be amended so as to read "by land or water" instead of "by water." Also to read "for any part of the transportation" instead of "for any part of the voyage."

This interpretation was based on the fact that part of the transportation was by land. That this was obviously not the original intent or interpretation of the law is evidenced by the instance noted of the Boston & Alaska Transportation Co. heretofore mentioned, which was required by the terms of its carriers' bond to use United States documented vessels for the water part of the transportation by rail and water of in-transit merchandise taken from American ports through Canadian territory to Alaska destinations.

In 1915 the Grand Trunk Pacific Railway was completed to Prince Rupert. This railway during the entire time of its construction was exploited as a new trans-Pacific port to be opened at Prince Rupert, thus shortening, it was alleged, transportation between the Orient and the East. It will be noted, however, that notwithstanding all this exploitation of the port of Prince Rupert as a trans-Pacific port.

and that they were to operate trans-Pacific steamers, the character of steamers that they purchased for connection with Prince Rupert were not trans-Pacific but coastwise steamers, in the largest sense, and of a class and character which were calculated to take away from the United States carriers the business of Alaska once they could nose their way into that business. This company placed British steamers in the Alaska coastwise trade, operating them from Seattle to Skagway via the foreign ports of Vancouver and Prince Rupert, British Columbia, and forthwith, under the Treasury Department's interpretation of the opinion of the Attorney General, on the application for permission to deliver freight to Fairbanks by means of British Yukon River steamers, began competition with United States documented vessels and commenced the carriage of domestic merchandise from United States ports by rail through Canada in bond through Canadian ports, making delivery to Alaska cities by means of British vessels.

Let me digress here for a moment to state that during the time of the Alaska rush, during the time when Congress enacted the law which proposed to hold to American coastwise shipping the business of Alaska and give to United States territory the benefits of business to and from Alaska, in order that United States citizens and United States labor generally might profit by reason of such transportation, it was required that carriers' bonds should show all of the carriers that participated in that transportation. But subsequent to the ruling of the Attorney General, through somebody's suggestion, that necessity was eliminated and it was only required that the initial carrier should be named as the bonded carrier; and that, therefore, any carrier of any nationality could, under the Attorney General's decision, make the final deliveries. Shipments of merchandise might move from Bellingham, for instance, to Vancouver by rail and from Vancouver to Boston or New York, absolutely nullifying in effect our coastwise law which was intended to preserve coastwise shipping to American documented vessels; or move from the port of Boston to Halifax, and from thence to San Francisco or Puget Sound—thus shutting out American coastwise shipping from the handling of that freight. The short rail haul could easily be absorbed by reason of the more economical operation of the foreign vessel in competition with the American ship.

Returning to the Grand Trunk Pacific attempts. Later this company sought to carry bonded merchandise to eastern United States destinations from Alaska ports by means of British steamers to Prince Rupert; thence by Canadian rail lines to United States territory.

In 1916 the Grand Trunk Pacific Steamship Co. made application to the Secretary of the Treasury for a carriers' bond to enable it to compete with American corporations for the handling of American business, by diverting it through Canadian territory. This application was properly rejected by Assistant Secretary Peters of the Treasury Department on the ground that sections 3110 and 4347 of the Revised Statutes (he did not refer to the later statute) restricted the transportation of merchandise between ports of the United States to American vessels, thus holding in accordance with the original interpretation by the Treasury Department, and with the intent of

the framers of the latest prohibitive legislation—the act of February 17, 1898.

Notwithstanding the adverse decision of Assistant Secretary Peters, British ships have enlarged their competition with American documented vessels and are, apparently without color of statute, carrying domestic merchandise from Alaska to United States ports, which merchandise arrives at its United States destination in bond.

This decision of Assistant Secretary Peters was made early in May of 1916. On June 21, 1916, the *Juneau Dispatch*, a paper published in Alaska, making comment upon a trip of Grand Trunk Pacific officials by the Steamer *Prince Rupert* into Alaskan territory, quotes Mr. J. E. Dalrymple, vice president of the Grand Trunk Pacific Steamship Co. (this was after Assistant Secretary Peters had denied them the privilege of handling domestic merchandise from Alaska by denying them their carriers' bonds). Of Mr. Dalrymple the *Dispatch* says:

He stated that the business thus far secured from Alaska by the Grand Trunk people was encouraging, and plans were now under way to get business originating in Alaska in bond to eastern cities and ports.

Also:

We believe that an equitable adjustment will soon be made by the Washington officials in relation to the exchange of freight and passenger business originating in Alaska.

On July 7, 1916, there were issued from the customs division of the Treasury Department instructions that were not in accord with the views expressed by Assistant Secretary Peters in his very proper determination of the subject of the bond application made by the Grand Trunk Pacific Steamship Co. Under those instructions domestic merchandise originating in Alaska is being handled by the Grand Trunk Pacific Co. to points in the United States through Canadian territory, and arrive, as stated, under bonded seals. The manner of its accomplishment is that such merchandise is laden on foreign bottoms in Alaska ports, whence it is manifested as foreign export with the following qualification: "Destination, Prince Rupert; final destination, United States."

With that kind of a shippers' manifest, I fail to see how it could be considered there was anything like a bona fide export to Canada. And yet on this alleged bona fide export to Canada is based the manner of bringing it into United States territory under bond, thus permitting foreign railway corporations owning foreign steamship companies to compete with American steamship companies, which could have served that same haul and served it technically in accordance with the law.

At Prince Rupert the merchandise is placed in Canadian bonded warehouses and moves through Canada under bond to the Canadian Government that it shall not be landed in that territory. A United States customs inspector, placed at Prince Rupert for that purpose, accepts at that point an inward foreign manifest for each car and places bonded seals upon the car, which then moves to its United States destination in bond, seemingly without warrant of law, from Prince Rupert under the alleged authority of Treasury Decision 82772, which is based on sections 3101-3103 of the Revised Stat-

utes, which sections provide for sealing in cars merchandise imported from (not through) contiguous territory to avoid examination at the first port of entry.

That the shipments so moved are not bona fide exports to Canada, which would be required to bring them under the provisions of 3101-3103 of the Revised Statutes, is evidenced in many ways. Primarily, by the fact that shipper's manifest shows the final destination of such shipments to the United States; secondarily, by the fact that no consumption entry is made covering the admission of such goods to Canadian territory; and, third, that a bond must be given to the Canadian Government that such shipments will not be landed in Canadian territory. These shipments, therefore, having no legal status as being in Canada, are, to all intents and purposes, shipments from Alaska to American ports, and should be required to be bonded from such Alaska ports instead of being permitted to be bonded from Prince Rupert. This would insure their carriage via American documented vessels, as contemplated by the framers of the statutes, which were designed to protect American documented vessels in the carriage of all or any portion of the transportation of our coastwise trade.

The Grand Trunk Pacific Railway Co., in which over \$170,000,000 of Canadian Government funds were invested, had declared the policy in competition with United States interests of making a rate from Prince Rupert to Alaska ports one-third less than when carried by any American lines from American territory. They were willing to publish that rate and the Canadian Pacific was willing without tariff to apply similar rate on business that originated east of Medicine Hat, which was equivalent to saying "on business which originated in the United States," thus providing an unfair competition, which had to be met by taxing the Canadian people to make up the deficits due to losses in operation of those Canadian steamers, but neither Canadian company made the application of such rates from Vancouver. And it was evidenced by every move that has been made in that direction that they have but one purpose, i. e., to eliminate by any means at their command the American competition and provide for the retention of Canadian service alone in that territory.

The question of American ships in that territory I have already covered. Let me state what there are of Canadian ships. Five Canadian steamers, of over 3,000 tons—

Mr. HARDY. I believe you said there were three American ships.

Mr. CLARK. Yes; three American ships. There are five Canadian ships of over 3,000 tons registered, with a speed of from 18 to 21 knots, with a passenger carrying capacity of 1,000 to 1,500, that were built on the Musey and on the Clyde—built overseas. Those were the vessels that this official of the Grand Trunk Pacific Railway stated are not properly adapted to trans-Atlantic trade, and therefore ought to be retained in the Alaska trade to take the business and get the business secrets of the American merchant marine shipowners who have been serving Alaska in the past, many times at financial sacrifice, foregoing the possibilities of greater gain elsewhere, continued in that trade and turned a deaf ear to all entreaties to put

their vessels on routes that might have paid them \$50 a ton for freight.

Mr. HARDY. You say that is one of our ships?

Mr. CLARK. No; three of the larger American vessels, of 3,000 tons.

Mr. HARDY. But vessels of 2,000 tons could operate in this trade. How many of them are there?

Mr. CLARK. Mr. Bunch, will you state the total number?

Mr. BUNCH. We have 16.

Mr. ROWE. That is all in the testimony of Mr. Bunch.

Mr. CLARK. You have 16?

Mr. BUNCH. We have 16, and the other lines probably 10 more.

Mr. HARDY. Little ones?

Mr. CLARK. They are not large ships; no.

Mr. HARDY. About how much tonnage?

Mr. CLARK. Ships of 2,000 tons and under.

Mr. HARDY. What is the total tonnage?

Mr. BUNCH. About 45,000.

Mr. CLARK. I would say the total tonnage of the Pacific fleet in Alaska is approximately 40,000 tons.

Mr. BUNCH. Or 44.

Mr. CLARK. Yes.

Mr. HADLEY. While you are interrupted at that point—it has been covered by Mr. Bunch—I would like to know your version of the ability of the American tonnage to supply the trade of Alaska, present and prospective.

Mr. CLARK. I would say this, that the American tonnage now in Alaska—and let me speak a little of those larger ships that are in the Alaska service; Alaska is the boneyard of vessels that have become obsolete for other trade routes in the main. Am I correct in that?

Mr. BUNCH. Yes.

Mr. CLARK. That was the beginning of the Alaska fleet. The first and larger vessels of the Alaska fleet of vessels are not what you would call high-grade ships at the present time.

Mr. BUNCH. They are all good ships, but they are too small.

Mr. CLARK. They are not, however, ships that are adapted to the foreign service.

Mr. HADLEY. What kind of service are they rendering?

Mr. CLARK. They are rendering a most excellent service, in that they are carrying ore which is absolutely needed for military purposes—copper ore.

Mr. HADLEY. That goes to the Tacoma smelter?

Mr. CLARK. That goes to the Tacoma smelter. They are carrying salmon, which is absolutely needed for the Army and Navy military purposes and for general food supplies, and they are carrying fresh fish. And surely any man who has contemplated the price of 35 cents a pound at retail for halibut and 25 cents a pound for cod should realize this is an important factor—this supplying food to this country. And they are carrying that trade from Alaska to American ports, where the fish that they carry comes into the control of the United States, and the food supplies that they carry can be reserved for the benefit of the American people and our allies, instead

of being carried, as would be the case if carried in Canadian vessels, to Canadian ports, where only a limited supply would be permitted to come into this country.

Mr. HADLEY. Is the service adequate for the Alaska trade?

Mr. CLARK. The service is adequate for the Alaska trade, and perhaps more than adequate, except for three months in the year, when they are working in every way possible to accommodate every shipper possible, so that they now have all they can do. I will say this, however, that these ships have not sufficient business northbound; that they are handling only a very limited northbound tonnage; and that that situation might be relieved and one transport released entirely if the American ships that are now operated from Puget Sound to Alaska were given the freight that is now being carried by the transport *Crook* northbound. If the Government would permit these ships to carry the business northbound now being carried by the *Crook*, that would release the *Crook* for service elsewhere.

Mr. HARDY. You say this Alaska shipping is a sort of bone yard for the American merchant marine and the ships are not of the best kind, but there is 40,000 tons in all. My understanding is that the coastwise shipping of America is about 6,000,000 tons now or more.

Mr. CLARK. I understand it to be more than that.

Mr. HARDY. Say 6,000,000.

Mr. CLARK. Yes.

Mr. HARDY. Your 40,000 tons of Alaska shipping, then, would amount to seven one-thousandths of the shipping of America, which is less than 1 per cent by a good deal?

Mr. CLARK. Yes.

Mr. HARDY. Now, is it possible that the exigencies of that shipping will interfere with the passage of a law for the relief of the commerce generally of the United States?

Mr. CLARK. No, sir.

Mr. HARDY. Had we not better buy all of that shipping and run it at a loss than to let it interfere with the passage of a needed law affecting the other 6,000,000 tons of shipping?

Mr. ROWE. Why can we not except that?

Mr. HARDY. Yes, if necessary, except it. But don't let it interfere.

Mr. ROWE. It seems to me too small for us to be going into it.

Mr. HARDY. It is a little bit of a thing that don't amount to anything, except, of course, for these people.

Mr. CLARK. All I was particularly endeavoring to bring to the attention of this committee is that it is the entering wedge.

Mr. HARDY. As I understand, in order to protect that little Alaskan tonnage from what you fear would be sacrificing it—you say you have tonnage enough there to meet your demands—while a proper spirit of interpretation of this law would not authorize the utilizing of any foreign ships in that trade, you fear the administration will sacrifice your small interests there, and for that reason you want to oppose the best interests of the commerce of the whole people?

Mr. CLARK. I have already stated that I do not believe the law is essential; but I am perfectly willing to concede, if it is considered essential, that it could be worded in such form as absolutely to con-

serve the interests of American shipping now and prevent the probability of suggestion of an "unfriendly act" when we try to eliminate the foreign shipping after the end of the war.

Mr. HARDY. But there could be no suggestion of an unfriendly act in removing a suspension we have made of our laws. It is not proposed to change any law but to authorize an executive department during an emergency to suspend the operation of a law and make the things you say it is doing now without the law come within the law and make them lawful.

Mr. HADLEY. You were speaking about amendatory language, in case the committee saw fit to report the bill at all. Will you later cover that?

Mr. CLARK. I will cover that a little later. I simply wanted to demonstrate that there had been a progression of events leading to one thing, to the admission, if you please, of British ships into our Alaska trade for the purpose of diverting the benefits from the development of Alaska, which must be provided for by Congress, to a foreign country.

Mr. HARDY. I will tell you another thing, Mr. Clark, along that line of shipments to and from Alaska into American points, by way of Canada. We had up before us some bill attempting to prevent a man off of an American ship landing in Canada and then taking another course, on another ship, on to Alaska. This has been before this committee quite a number of times. I know it was claimed a passenger would take passage across on an American vessel until he got into a Canadian port and then take passage on a Canadian vessel to the Alaskan port.

Mr. CLARK. I can tell you of a more remarkable instance than that: The vessels of this Grand Trunk Pacific Steamship Co. load cargo in Seattle and carry it to Skagway, both American ports, without discharging it from the vessel. The manner in which that is accomplished is this. Two shipments I have in mind were shipments of hay clearing out of Seattle ostensibly for Vancouver, entered at Vancouver and cleared for White Horse in Yukon Territory in bond from Vancouver. The Government and business work so hand in glove, by reason of their orders in council and other methods over there, that there is no difficulty to accomplish that. And yet those shipments moved from Seattle to Skagway in the same ship and on the same voyage.

Mr. HARDY. It seems to me the difficulty in the practical application of your idea in reference to that trip would be this: I presume Canada has, like we have, a refunding law, refunding taxes paid on all imports subsequently exported; and if they were not allowed to ship to final destination in the United States, but compelled to ship to final destination in Canada and pay taxes, that they would then turn around and export and get back the taxes. I presume that would be the result of changing the law.

Mr. CLARK. I am inclined to think any such method would be so cumbersome it would not be followed. At least it would not be followed by American shippers.

Mr. HARDY. That might be the case.

Mr. CLARK. You were speaking of the difficulties of administration. That is the very thing that we fear in connection with a law such as the one proposed, if it should be made general in character. It is not the intent of the administration, it is not the intent of the Shipping Board, to do things that are unpatriotic; and I am sure there is nobody in shipping on the Pacific coast that would make a suggestion of that character. We believe that the administration and the departments of our Government have at heart what they believe to be the best interests of this Government; but it is purely the clerical interpretation of these things which you have just suggested that is one of the difficulties and which permitted those British carriers to carry merchandise from Alaska via British ports to American ports, arriving in bond, in apparent violation of all of our statutes made for the purpose of conserving and building up our American coastwise commerce. I could bring to bear many, many statements with reference to the Canadian interpretation of American rights.

(Thereupon, at 1 o'clock p. m., the hearing was adjourned to Tuesday, Sept. 18, at 10 o'clock a. m.)

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HOUSE OF REPRESENTATIVES,  
COMMITTEE ON THE MERCHANT MARINE AND FISHERIES,  
*Washington, D. C., September 18, 1917.*

The committee met at 10 o'clock a. m., Hon. Joshua W. Alexander (chairman) presiding.

The CHAIRMAN. I want to admonish this gentleman that we have a lot to do, and I would like him to bring his remarks to a close as speedily as possible. His statement is exceedingly interesting and well worth reading on the general subject of transportation, but I hope what he has to say on the question in which we are vitally interested can be said now in a very few words. I would like to bring this hearing to a close in 20 minutes, if possible.

Mr. CLARK. We were discussing the question of the emergencies necessitating the legislation, and the remarks bearing on transportation had to do with developing facts indicating that the emergencies were not apparent.

The CHAIRMAN. If they are not apparent, there is no use in our listening to them. We want those that are apparent and that would appeal to us in the present emergency.

Mr. CLARK. We shall endeavor to be brief.

**STATEMENT OF WM. L. CLARK, ESQ., OF SEATTLE—Continued.**

Mr. CLARK. In accordance with Judge Hardy's request at the last hearing, I shall file at this point a statement which includes American vessels moving through the Panama Canal since the beginning of the war.

(The statement above referred to is as follows:)

*Vessels, nationality, and cargo through Panama Canal.*

## UNITED STATES.

	Atlantic to Pacific.		Pacific to Atlantic.	
	Vessels.	Cargo.	Vessels.	Cargo.
Fiscal year 1915.....	231	<i>Tons.</i> 1,037,854	239	<i>Tons.</i> 1,224,200
Canal open only 7 months of 1916.....	114	388,022	124	513,334
First half of 1917.....	34	212,840	104	414,698
Second half of 1917.....	138		184	
Total, 1917.....	172		288	

## BRITISH.

Fiscal year 1915.....	226	795,153	229	1,003,069
Canal open only 7 months of 1916.....	193	654,514	165	790,238
First half of 1917.....	208	806,391	222	1,164,386
Second half of 1917.....	168		198	
Total, 1917.....	376		420	

## JAPANESE.

Fiscal year 1915.....	4	<i>Tons.</i> 16,999	2	<i>Tons.</i> 14,000
Canal open only 7 months of 1916.....	19	101,472	5	19,000
Half of 1917.....	28	131,907	10	63,022

## FRENCH.

Fiscal year 1915.....	2	<i>Tons.</i> 9,163	1	<i>Tons.</i> 6,800
Canal open only 7 months of 1916.....	1		1	6,173
Half of 1917.....	2	388	3	23,933

## RUSSIAN.

Fiscal year 1915.....	5	<i>Tons.</i> 22,431	1	<i>Tons.</i> 3,550
Canal open only 7 months of 1916.....	1	4,571		
Half of 1917.....			1	3,550

During the first year of the canal operations (the fiscal year 1915) when the American-Hawaiian steamers were operating in the coast-to-coast trade, 231 American steamers carried 1,037,854 tons of freight from the Atlantic to the Pacific through the canal, and 239 vessels carried 1,224,200 tons of freight from the Pacific to the Atlantic. Of this quantity, 951,044 tons westbound and 895,614 tons eastbound was cargo to which the American-Hawaiian Co. referred as having originated at, and for the return voyage was destined to, points in the interior, distant 100 to 500 miles from the Atlantic seaboard.

The diverting of these ships from the coast-to-coast into the foreign trade obviated attempts to force that additional tonnage through the already congested terminals of New York. If that tonnage were now moving from Atlantic to Pacific in addition to the 1,600,000

tons which moved from Atlantic coast to trans-Pacific destinations during the past fiscal year it would increase the quantities moving from interior points through these congested Atlantic coast terminals to a total of over 2,500,000 tons, which had far better be devoted to furnishing westbound freight for what is now empty-car haul.

The vessels themselves are performing a far more important service to our Government in this war emergency in the carrying of nitrates and other freight between the United States and foreign ports.

I have indicated in the statement just filed the number of ships of the United States and Great Britain for the second half of the fiscal year 1917, figures which we were unable to give at the last hearing. I have not, however, been able to get authentic figures on the cargo carried by the vessels of the respective countries during that period. I ask the committee to note that the total of American ships, Atlantic to Pacific, for the fiscal year 1917 was 172, and from Pacific to Atlantic 288. The most remarkable thing about these figures, however, is the abnormal increase in the number of British vessels operating through the canal during this period. The number increased, Atlantic to Pacific, from 226 in 1916 to 376 in 1917, and in the opposite direction from 229 in 1915 to 420 in 1917.

Of interest in this connection also is a statement of vessels entering and clearing in the Philippine Islands for the calendar year 1916, which indicates that, notwithstanding war's demands, allied shipping of both England and Japan has found time to gather the crumbs of commerce from the tables of the world. The figures are taken from the annual report of the Bureau of Customs and of Foreign Commerce of the Philippine Islands, and are as follows:

(The above figures in tabulated form are as follows:)

Registry.	Entered.		Cleared.	
	Vessels.	Registered tonnage.	Vessels.	Registered tonnage.
United States.....	25	44, 781	24	43, 521
British.....	337	712, 694	344	739, 028
French.....	12	14, 741	11	10, 907
Japanese.....	196	544, 417	194	538, 335

These figures include regular lines of steamers, such as the Empress Line to Vancouver and from the Philippine Islands to various points in the British eastern possessions, as well as clearance to and entries from United States points.

The CHAIRMAN. When was that?

Mr. CLARK. That was in the calendar year 1916, the fiscal year of the Philippine Islands. Of interest in this connection is the fact that there were 34 entries direct from Pacific coast ports to the Philippine Islands, in addition to entries of vessels which moved from Pacific coast ports via Japan and, or, China.

I am constrained to observe that I know of no statement by Great Britain to the effect that she has abandoned her world's commerce in order to carry on the war, or that she has any intention of so doing. On the contrary, we have evidence from the figures before us that

the ships of Great Britain and Japan are engaged in picking up lines of trade which the vessels of other allies, fewer in number, and of Germany, bottled up as they are, have been obliged to discontinue. We have supplied our own camouflage. I hope, however, that we shall not deceive ourselves into the belief that this alleged war emergency is due to the fact that Great Britain has utilized all of her vessels in the war zone.

I would like to pick up the threads of my statement of last Thursday, as to the application of rates made from Prince Rupert and from Vancouver with intent to divert business between Alaska and eastern United States to and through Canada.

The CHAIRMAN. We are going to print this hearing and refer it to the Shipping Board and the Department of Commerce, because on the general freight situation it is a very interesting statement; but before the committee here I would like to get through with the hearing on this bill by 11 o'clock and suggest to you that you can revise your remarks and extend all the additional information you want to on that question in the record. That would be my suggestion to the committee.

Mr. CLARK. I desired to cover here the danger of admitting foreign vessels into the coastwise service, by demonstrating what lax interpretation of statutes has already accomplished with reference to the Pacific coast.

Mr. RODENBERG. I think, Mr. Chairman, that Mr. Clark's statement is a most valuable contribution to the transportation subject, and I would like to have him make his statement in full—the whole thing.

Mr. HADLEY. This statement he alludes to just now has direct application in Alaska.

The CHAIRMAN. That is a question in which I have always been vitally interested and trying to secure legislation. Proceed; but I would like to have you conclude your statement by 11 o'clock, unless the committee wants to extend the hearing.

Mr. CLARK. The differential rate arbitrarily named by the Grand Trunk Pacific from Prince Rupert to Alaska had not long been effective—

The CHAIRMAN. Please restate that; I want to understand that.

Mr. CLARK. I desire to show how that effected a cut in the trans-continental rate. The differential rate made by the Grand Trunk Pacific from Prince Rupert had not long been in effect when the Canadian Pacific Railway Co., without publication of a tariff, applied a similar rate to all shipments originating at points east of Medicine Hat, Manitoba, which would principally be United States-Alaska business. There is no local freight business between Prince Rupert and Alaska, and any water rate named from Prince Rupert is necessarily a rate to be used in connection with the rail rate. We may assume, therefore, that an unprofitable water rate was for the apparent purpose of reducing the through cost of transportation below the point where American steamer lines, dependent upon earnings for continued operation, could compete for the business, a course which would result in eliminating the American competition.

The absence of Interstate Commerce Commission supervision and control over water and rail rates made in combinations, which apply from a foreign port to a United States port, or vice versa, opens the way to discrimination between shippers of American merchandise

between two points in American territory through Canada and permits proffering to the larger shippers combinations of rates which would give them a very decided advantage over their less favored competitors. Congress has wisely legislated so as to make impossible such rate discriminations by strictly American carriers and should protect them from a foreign cut-rate competition of any unfair character.

When the Interstate Commerce Commission sought, in 1916, to make a complete inquiry into the Alaska steamship rate situation the Canadian lines failed to appear at the hearings in response to the summons of the commission, nor did they submit their steamship or other tariffs. In their rate making they hold themselves immune from United States legal interference by reason of the subterfuge that their cut rates are from a foreign port to an American port, and therefore not within the legal jurisdiction of the United States Interstate Commerce Commission.

Officials of the Grand Trunk Pacific Co. do not hesitate to express the intent of that company to operate its steamers at a loss, if necessary, until the business is diverted, and believe that they will be entirely successful in their efforts.

Mr. BANKHEAD. In that connection have you any authority to submit for the assertion they do not hesitate to make that statement?

Mr. CLARK. The statement was made to me personally by an official of the Grand Trunk Pacific Co.

Mr. BANKHEAD. What is his name?

Mr. CLARK. His name is ———, but I will request that it be omitted from the record, to avoid subjecting him to criticism from his company.

Mr. HADLEY. When did he make that statement?

Mr. CLARK. He made the statement to me August, 1916, holding they were always going to make a rate from Prince Rupert one-third less than from Puget Sound. As an example of their intent to maintain their arbitrarily demanded differential, when the American steamer lines reduced the rate on frozen fish from certain Alaska points in connection with rail lines to \$5 per ton the Grand Trunk Pacific steamship rate to Rupert was very promptly reduced to \$3.25 per ton in connection with rail rates from that point to eastern United States.

The CHAIRMAN. Let me see if I understand your thought. He said they were going to insist on a differential of one-third less over the Canadian railroad—

Mr. CLARK. Over the Grand Trunk Pacific Steamship Co.

The CHAIRMAN. Over the Grand Trunk Pacific Steamship Co. than that which the American lines would charge via Puget Sound.

Mr. CLARK. From Puget Sound; yes. That their steamer rate should always be one-third less than that of the American lines. I want to make this point, that this is their steamer rate from Prince Rupert, and that through Alaska rates are made by combination of the rates filed, I understand, with the Interstate Commerce Commission from eastern United States points to Prince Rupert plus the steamer rate from Prince Rupert to Alaska points. He gave me plainly to understand that, if necessary, they would operate their steamers at a loss in order to maintain that differential.

The CHAIRMAN. At a loss between what points?

Mr. CLARK. Between Prince Rupert and Alaska points; that is, that the water transportation would be conducted at a loss.

The CHAIRMAN. That would be to Ketchikan that it would move—the nearest point?

Mr. CLARK. The nearest point is Ketchikan.

The CHAIRMAN. How far is that from Prince Rupert?

Mr. CLARK. About 90 miles.

The CHAIRMAN. At what other points in southeastern Alaska is the fishing industry concentrated?

Mr. CLARK. At Petersburg, Juneau, Wrangell, Douglas, and Sitka.

The CHAIRMAN. But the principal point is Ketchikan?

Mr. CLARK. No; there is probably as much business handled from Petersburg as from any place in Alaska at the present time. Buying stations have also been established at Juneau and at Wrangell. I contend that all of Alaska is entitled to participate in the fishing business and that if by legislation we could confine to the American side of the line all purchasing of American fish intended for the American markets we would produce a condition which would result in a greatly increased quantity of fish for consumption in these strenuous times, and at a very much lower price, without decreasing the earnings of the fishermen.

Such a law would insure buying stations at all Alaska points nearest the various fishing banks, and fishermen would then devote to their occupation of fishing much valuable time that is now consumed in freighting their fish from 600 to 1,000 miles to Prince Rupert and returning to the fishing grounds.

They would thus produce a greatly increased quantity of fish, which they could afford to sell at a lesser price through being saved the freighting. Notwithstanding the lower price, they would receive a greater total amount from their fishing operations. The economy in cost to the buyer would permit the delivery by common carrier of the fish so purchased into eastern markets of the United States at prices less than now prevail at Prince Rupert.

This desirable result is not possible so long as subsidized Canadian companies operating at Prince Rupert can secure a control of the supply by raising prices paid to fishermen to a point which invites the fishermen to become common carriers instead of fishermen. With the quantity control in their hands they will be able to fix prices to the American purchaser by diverting to foreign export sufficient stock to reduce the quantity within the United States to that point where demand shall far exceed the supply, thus insuring profitable operations, notwithstanding the high prices paid for fish at Prince Rupert.

Mr. BANKHEAD. Just in that connection, a natural inquiry in reference to what you state is: How can they afford to fix rates at one-third less than the American steamer rate? I understand the explanation of that is, that owning these long lines of trunk railways they can take the revenue out of their rail earnings to make up the deficiency.

Mr. CLARK. That is true, and yet those railroads have gone far behind in operation. If I may, I would like to proceed with my statement, as my time has been limited by the chairman. The point is, that they can afford to carry the water haul for nothing, temporarily, so long as they can divert the benefits of Alaska transpor-

tation away from American labor and away from American business to and through Canada in the ultimate hope of discouraging American competition to the point of withdrawal, leaving the entire field to the Canadian companies, when, it is safe to assume, from experience we have had in the Puget Sound territory, they will then exact a revenue sufficient to reimburse them for all losses incurred through the medium of the temporary low rate from Prince Rupert to Alaska points. That they will be successful unless our coastwise shipping is restricted to American documented vessels is entirely possible. Only the unquestioned and unquestioning patriotism of the salmon cannery of Alaska caused them to withstand the cut rates offered them by Canadian lines for the present season and to move their products through American territory, where its transportation gives employment to American labor. Consider that the pack of salmon in Alaska and the tin plate and supplies incidental to its production will aggregate more than 5,000 carloads and you will have a better conception of why Canada considered it good policy to develop the Grand Trunk Pacific through an unproductive wilderness to the borders of Alaska and offers the bait of a tempting but temporarily low water rate to Canadian ports, which is calculated to make impossible the continuance of American operation between the United States and Alaska.

You may also discover that if blanket authority to admit foreign ships in our coastwise trade be granted there are reasons for inferring that there will come from the Canadian side urgent requests for the Grand Trunk Pacific and the Canadian Pacific Railway steamers to be permitted to operate in our coastwise trade in the manner in which the officials of the former company have already indicated.

Early in August announcement was made by the minister of finance of Canada of a plan of the nationalizing of Canadian railways, which included the acquisition by the Canadian Government of the Canadian Northern and the early acquisition of the Grand Trunk Pacific Railway built from Winnipeg to Prince Rupert on the Pacific coast. It was set forth that the transaction would provide also for the ownership of subsidiaries, including steamship lines. In view of these announcements, it becomes apparent that the competition of American companies with Canadian lines becomes that of American private capital with the Canadian Government, whose taxpayers may be called upon to bear the losses incidental to the conduct of cut-rate operations until such time as American capital is driven from this trade, thus leaving an uncontrolled and uncontrollable monopoly of Alaska's transportation in the hands of the Canadian Government.

We of the West have had one example of Canadian Railway subsidized steamship competition with American interests, from which this result followed. Twenty years ago all the transportation by water between Puget Sound cities and British Columbia was conducted by means of American bottoms. American companies had developed a splendid trade between American ports and Vancouver and Victoria. The greater volume of the freight business was made up of shipments between two points within the United States moving in bond over Canadian railways, under an alleged reciprocal arrangement, whereby we bartered the transportation benefits from the busi-

ness of 100,000,000 people for those of a people of 8,000,000. Those shipments were formerly required by law and regulation, as has already been stated, to move from Canadian ports to American ports in United States documented vessels. Modifications of interpretation of statutes, such as have been described herein, lessened the American hold on this business, and Canadian lines owned by the railways of Canada and backed by the Canadian Government entered the field. The American vessels struggled to retain their business and a long rate war ensued. But American attempts to withstand the Government supported opposition from Canadian lines had about the same chance of success under the modified interpretation of statutes as a snowball has of remaining rotund in Hades.

Threats said to have been made by the Canadian companies by means of dummy corporations owning United States vessels to enter other and purely United States coastwise routes on Puget Sound is said to have produced a compromise under which all American direct Seattle-British Columbia steamers were required to be withdrawn or permitted periodically to be operated with the consent of the Canadian company, within limit, on a direct route for the summer season. And during the balance of the year, one passenger steamer operating between Seattle and Victoria, was permitted to operate via an indirect route, proceeding coastwise through various towns to Port Angeles, and thence across the strait to Victoria. The only exception to that was a freight connection had with an American line operating a small freight boat to Vancouver.

What happened to the low rates when the American competition was withdrawn? They were promptly withdrawn also and are now higher than they were under the American operation. And that fate too is in store for Alaska if we further open Alaska transportation to Canadian interests. Surely no citizen of this country, with full knowledge of the precedents of the Northwest is willing to authorize that which will subject United States private interests operating steamship companies, or possibly the Shipping Board, to competition in the Alaska trade with the Canadian Government, with all the possibilities of international complication which will surely arise if we open that door.

You have been made aware of the fact that there is strong protest from the shippers of fresh fish as well as the producers in Alaska of American canned fish destined for the American markets against the introduction of foreign shipping into the Alaska service. There are well-founded and well-grounded fears on the part of the fresh-fish people as to what will become of the fishing industry unless this Government prevents extending further aid to Canada in its attempts to absorb our American fishing industry on the Pacific, as they have already absorbed it in New England. The members of this committee may not be aware of the fact, but in the three years preceeding 1917, 36.6 per cent of the New England fishing fleet has been lost to American registry—392 vessels less in 1916 than in 1913, notwithstanding much new construction. Vessel after vessel transferred to British registry in order to escape the operations of a *modus vivendi* which had been claimed to be of extreme benefit to New England fisheries. But that is too long a subject to consider now, although some day I hope to say some things in connection therewith to this committee.

Permit me to file the following telegrams from packers of canned salmon, from those engaged in putting up salt fish, and from shippers of fresh fish destined for American markets.

(The telegrams above referred to are as follows:)

[Telegram.]

SEATTLE, WASH., August 7, 1917.

HON. JOHN S. MILLER,

*House of Representatives, Washington, D. C.:*

We earnestly request your influence to have Alexander resolution permitting foreign vessels enter American coastwise trade amended so it will not apply to Pacific coast. While foreign steamers would be unable to furnish canneries and other Alaska industries adequate service, they would displace American steamers whose service Alaska vitally needs, and thus greatly hamper and delay movement of our salmon, which is important to country as well as to ourselves. Canadian coastwise privilege is useless to American steamers, but American coastwise privilege is of immense value to foreign steamers. American steamers serving Alaska are too small for foreign service, therefore our Government would secure no benefit from permitting foreign vessels to enter this trade while results would be disastrous to American lines, Alaska, and ourselves. We hope you will use every effort to secure desired amendment, which request is made by independent packers of the greater portion of Alaska's salmon pack and fresh-fish supply.

PILLAR BAY PACKING Co.  
DEEP SEA SALMON Co.  
P. E. HARRIS & Co.  
HAINES PACKING Co.  
SOCKEYE SALMON Co.

WIESE PACKING Co.  
PACIFIC MILD CURE Co.  
ALASKA PACIFIC HERRING Co.  
GEO. T. MYERS & Co.  
SAN JUAN FISHING & PACKING Co.

[Telegram.]

SEATTLE, WASH., August 20-21, 1917.

W. L. CLARK,

*National Press Club, Washington, D. C.:*

We, undersigned, representing entire Alaska fresh-fish movement to American ports, wish strongly to protest using foreign tonnage, thereby jeopardizing present efficient service rendered by American lines, which is entirely adequate to take care of our requirements.

NEW ENGLAND FISH Co.,  
NATIONAL INDEPENDENT FISH Co.,  
J. P. TODD Co.,  
RIPLEY FISH Co.,  
OLSEN FISH Co.,  
BOOTH FISHERIES Co.,

*All of Seattle.*

GLACIER FISH Co., of Tacoma.

[Telegram.]

TACOMA, WASH., August 24-25, 1917.

W. L. CLARK,

*National Press Club, Washington, D. C.:*

As one of the largest shippers of fresh fish from southeastern Alaska, we strongly protest using foreign tonnage in this service, on account of strong likelihood of Canadians using this as a means of diverting business through Prince Rupert.

GLACIER FISH Co.

I will not impose upon you at the present time a history of the manipulations of our neighbors to the north in their efforts to wrest from us our control of our own fishing industries other than to direct your attention to the fact that the preamble of a Canadian order in council, issued in 1915, represents that the order in council itself was based on the suggestion, made by the minister of naval

service, to the effect that the order in council, if issued, would have the result of transferring the Pacific coast deep-sea fishing fleet from American to British registry.

Mr. HADLEY. While you have this point under discussion, I would like to ask you a question that you may touch on in connection with it, whether fishing is not restricted now to American citizens or American companies?

Mr. CLARK. Yes, sir.

The CHAIRMAN. I did not catch that.

Mr. HADLEY. I was asking the preliminary question if it is not a fact that fishing is restricted now to American citizens or American companies; and I was going to follow that with an inquiry as to whether, if the coastwise trade was opened up as proposed, in its relation to Alaska, it would have the effect of extending any additional privileges to the fishing vessels that they do not now enjoy, either in the way of fishing or of the disposition of the fish?

Mr. CLARK. There is no question but that it would in the disposition of the fish; and one of the telegrams that I shall file contains this statement:

Urge our Senators and Congressmen to use utmost efforts to prevent diversion of Alaska steamers, which would be a real calamity and transfer all of our fresh fish to Canadian ports. Steamer *Watson* and *City of Seattle* August 1; southbound, were unable to handle 100 boxes fish for us. 120 boxes for San Juan, for lack of space.

There is about a month and a half to two months in the year during which the steamship companies are crowded with freight offerings southbound. Instructions have, however, been issued by the American lines to their Alaska representatives that fresh fish shipments must be moved promptly, even though it involves the discharging of other cargo onto the docks. This telegram is not a criticism of American lines, but is simply cited to show the exigencies of the Alaska shipping. Continuing the telegram:

We purchased and shipped during the month of July 400,000 pounds fresh fish from our stations in the north at Ketchikan, Petersburg, Douglas. Withdrawal of American vessels would ruin our business, as Canadian vessels would refuse our fish.

I will just touch upon that point a little later.

Capt. Fred Sorenson, of schooner *Constitution*, stated that about July 18 lack of cars at Rupert caused extreme low-priced offers, and American vessels were refused clearance to Seattle but could clear to any other Canadian port.

I am given to understand that when there is a lack of cars at Rupert the American buyers can not buy in that market because they have been denied the opportunity to build cold-storage facilities at their plants, space for which is rented from the Grand Trunk Pacific Railway Co. The best that has been offered them is opportunity to build ice houses at Lake Kathlyn, 250 miles from Prince Rupert. When there is a shortage of cars, there is but one purchaser—the Canadian Fish & Cold Storage Co., a subsidized Canadian concern.

Mr. SAUNDERS. What is the proposition about the withdrawal of American ships that that telegram refers to?

Mr. CLARK. The suggestion was elaborated by an officer of the Grand Trunk Pacific Railway Co. and published in Alaska prior to the time this bill was introduced in Congress, in which he is

accredited with saying that "the United States and Canadian Government will reach agreement within six months whereby the Canadian vessels will be plying coastwise and carrying local freight and passengers between American ports for the period of the war"; and the statement further indicated that the larger American ships would be withdrawn from the coastwise service. That was evidently their proposed suggestions.

Mr. SAUNDERS. The larger ships were to go into the transoceanic trade?

Mr. CLARK. Presumably—and that the Alaska business would be left to be handled by the smaller American vessels and by Canadian ships, which it was alleged were not properly adapted to the trans-Atlantic trade.

And right here let me file a list of the Canadian vessels which were built in Glasgow, Newcastle, and other British Isles ports, and which did not come overland to Alaskan waters; vessels with a speed of from 14 to 25 knots, and with passenger-carrying capacities that run from 1,000 to 1,500 men. I would like to have this statement entered in the record.

(The statement above referred to is as follows:)

*Steamers in coastwise Canadian trade plying out of Vancouver, British Columbia.*

CANADIAN PACIFIC RY.—BRITISH COLUMBIA COAST SERVICE.

Ship.	Where built.	Date	Length.	Width.	Depth.	Tonnage.		Passenger capacity.	Freight capacity.	Bunker capacity, oil or coal.	Approximate speed.
						Gross.	Net.				
			<i>Feet.</i>	<i>Feet.</i>	<i>Feet.</i>				<i>Tons.</i>		<i>K'ts.</i>
Princess Charlotte	Glasgow	1908	330	47	22	3,843	1,999	1,500	300-400	1,500 barrels.	18
Princess Victoria	Newcastle	1903	300	40	17	1,943	785	1,000	300-400	613 barrels.	21
Princess Adelaide	Glasgow	1910	289	40	17	3,060	1,910	1,200	300-400	750 barrels.	18
Princess Royal	Esquimalt	1907	228	40	17	1,996	981	600	300-400	250 tons.	14
Princess May	Newcastle	1888	250	34	18	1,717	891	500	300-400	1,717 barrels.	13
Princess Beatrice	Glasgow	1893	193	37	15	1,289	635	350	400-500	200 tons.	12
Princess Patricia	Dumbarton	1902	270	32	11	1,157	535	960	100-150	200 barrels.	25
Princess Alice	Newcastle	1911	289	46	17	3,069	1,908	1,200	300-400	1,910 barrels.	18
Princess Mary	Faisley	1910	248	40	16	2,155	1,345	500	300-400	1,600 barrels.	14
Princess Sophia	do.	1912	245	44	18	2,319	1,465	600	800	2,800 barrels.	14
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Charmer	San Francisco	1887	200	42	13	1,044	496	500	200-300	420 barrels.	11
Tees	Stockton	1893	165	26	11	679	440	175	100		9
Princess Ena	Garston	1907	195	38	23	1,368	827	25	1,200	200 tons.	10
Otter	Victoria	1900	128	25	11	305	231	25	200-300	25 tons.	9

GRAND TRUNK PACIFIC STEAMSHIP CO.

Prince John	Bowling	1910	185	29	10	905	540	200	1,000	950 barrels.	10
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UNION STEAMSHIP CO. OF BRITISH COLUMBIA.

Chelohsin	Dublin	1911	175	35	14	1,134	597		300-400		
Cowichan	Ayr	1900	157	32	13	962	520		300-400		
Venture	Glasgow	1910	180	32	17	1,011	580		400-500		
Camoun	Paisley	1905	192	35	14	1,369	794		400-500		
Cheakamus	Dublin	1910	145	28	10	689	40		300-400		
Cassiar	Ballard	1890	120	25	17	597	384		100-200		
Coquitlam	Glasgow	1901	120	22	9	856	169		180		

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Cassiar...	Ballard...	1890	120	25	17	597	384	...	100-200	...	...
Coquitlam...	Glasgow...	1891	120	22	9	556	169	...	150	...	...

We have taken the liberty of sending copies of this communication to the honorable Secretaries of State, Treasury, and Commerce and to the sponsors of this measure in Congress, that all may be fully informed of the necessity for immediate action by Congress.

We have the honor to remain,

Respectfully,

SEATTLE CHAMBER OF COMMERCE,  
THOMAS BURKE, *President*.  
ALASKA BUREAU,  
J. L. MCPHERSON, *Secretary*.

#### AMERICAN FISHING A VANISHING INDUSTRY.

The American fresh-fish industry of the Pacific Northwest represents a capital investment at American ports on Puget Sound alone, not including Alaska, of over five millions of dollars and furnishes employment to thousands of American citizens. This industry is threatened with extinction, the direct result of discriminatory Canadian legislation, coupled with the failure of our own Government to inform itself as to the conditions, and the causes therefor, and to provide the American legislation required to counteract the acts of Canada.

*Fifty per cent lost within 12 months.*—Already and within the past year, approximately 50 per cent of the American fresh-fish business of the Pacific coast has been diverted to Canadian ports as the direct result of the legislative causes referred to, and as a consequence freezing and storage plants and other facilities at Puget Sound ports are either idle or only partially employed. The entire industry must inevitably meet the same fate, making valueless the American investment if present conditions are not remedied.

*Price of fish to consumer 200 per cent higher—Fish becoming a luxury.*—Canada's methods have not only greatly endangered the American investment and threatened the loss of employment to American labor, but have caused an increase of more than 200 per cent in the cost to the American consumer of an essential food supply. American halibut which should serve as a staple and economic food for the mass of the people, has become a luxury limited to the few. Meanwhile the American industry languishes and will continue to decline until Congress makes provision which will make it impossible for Canada to consummate plans so adverse to the interests of the people of the United States.

*Congressional action recommended—The remedy.*—The need for congressional action became so apparent to the Honorable Secretary of Commerce, that he recommended a measure for consideration by Congress, worded as follows: "That from and after 90 days from the passage of this act no fresh or frozen halibut or salmon from the North Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country except when the same shall be in bond from an American port."

*Canadian fish not barred from American markets—Come in duty free.*—This was not designed to bar, nor would it bar from United States markets, fish caught by Canadian vessels.

It does not assess against Canadian-caught fish a prohibitive duty such as Canada imposes on the catch of American vessels.

*American fish barred in Canada.*—It does not deny the Canadian fishing vessels the privilege of marketing their fish direct at an American port for American consumption, though American fishermen are especially prohibited by Canadian law from marketing their fish in Canada direct from the fishing boats, even on payment of duty. They must be shipped there by commercial steamers.

It does not even prohibit either the Canadian or American fish from finding entrance into the United States, through and across Canadian territory. It simply provides against the unfair and unjust discriminations of Canadian orders in council, by requiring that all fish for American markets shall, if destined through a foreign country, be in bond from an American port.

This restriction would grant equal advantage to the American and Canadian fleet and absolutely break the Canadian control of the American market and prices.

*Bill approved by Cabinet officers—The British protest.*—The Department of Commerce measure was accorded the "O. K." of both Treasury and State

Departments and was approved by the President himself. Supplemented by those recommendations, it was placed with the Ways and Means Committee of the House, which indicated its purpose to report the bill favorably. At this juncture the attempt of the United States to retain a measure of control for its markets of so important a food supply, and prevent the success of Canada's attempt at assimilation of this important industry was characterized by the British ambassador as an "unfriendly act" and he protested the passage of the bill by Congress, claiming that the Canadian Government had made heavy investments for the benefit of this business and (by inference) that it should be permitted to carry out its purpose. A highwayman could with equal justification protest against resistance on the part of his victim, on the plea that he had invested in weapons with which to accomplish the "hold-up."

*Canadian investments not for American fishermen.*—Heavy investments by Canada for the benefit of American interests are not apparent to the American firms directly engaged in the fish business who have been forced by the conditions to go to Canadian ports to purchase American fish for American markets.

The Canadian Government erected a dock at Prince Rupert—the "Provincial Dock"—at an expense approximating \$50,000 for the accommodation of other business which did not materialize. When after failure to build up a purely Canadian fleet the successful attempts were made to secure the business of the American fleet vacant space on this wharf was leased to American firms on which they erected houses and appliances for handling fish. Notwithstanding a stiff rental was charged, the space and all appliances provided by the tenant were subject to joint user by others except only when actually employed by the tenant. In addition the American firms were required to pay a wharfage of 50 cents per ton on all fish, ice, or even empty boxes handled in the leased space.

*Government subsidized storage plant competitor of American interests.*—The Canadian Fish & Cold Storage Co., aided by subsidy from the Canadian Government, has erected a freezing and storage plant at Prince Rupert. As that company, which we will hereinafter refer to as the "Government plant," is a competitor of the American fishing interests, its subsidized investment can not surely be accredited to be a benefit to interests with which it is in competition.

*Only investments are those made by American interests.*—The facts all considered, it remains that the only investments in Canada for the benefit of American fishing interests have been made by those interests, and they would willingly abandon their Canadian investments if by so doing they could be relieved from the necessity of transacting the buying end of their business at Canadian ports handicapped by convenient Canadian orders in council designed both by construction and interpretation to prevent economic operation by American concerns.

*Not unfriendly to attempt recovery of American industry.*—We are at a loss to understand how it could be construed to be an unfriendly act for the United States to attempt to recover from Canada and bring back to its own ports an industry fostered and built by American capital, the product of which under normal conditions must and does find an American market by reason of the fact that Canada protects her fishing interests from competition by placing a prohibitive duty on the American catch. As well say that it is an unfriendly act to recover stolen goods.

*Past and present history.*—As the means to a better understanding of the conditions which necessitate the passage of the measure which the British ambassador calls unfriendly we desire to set forth somewhat in detail past conditions, and present Canadian activities toward control of the American halibut and fresh fish supply and markets, and as a further aid to set forth the halibut fishing grounds and the best seasons for each.

From about the middle of May to the middle of July the halibut feed on the banks off the coast of Oregon and Washington. From about August 1 to November 1, the best grounds are in Hecate Straits, south of Prince Rupert and Ketchikan. After November and until about April, most of the fish are caught from Icy Straits just south of Juneau to the most northerly and westerly known feeding grounds—Portlock Bank.

The halibut fishing on the coast was inaugurated in the early eighties, when an American company operating from Puget Sound, commenced fishing halibut for local consumption and for eastern markets, making shipments by refrigerator car service furnished by the Northern Pacific Railway Co., which had completed its road to tidewater on Puget Sound. This company operated one small fishing vessel and iced and loaded its catch into cars on the open dock of the railway company at Tacoma.

From this small beginning, which was entirely experimental, the American fresh fish industry grew and expanded so that in 1914, before Canada had commenced the campaign for its absorption, the American investment represented a cash outlay of over \$5,000,000. The halibut and salmon fleet aggregated nearly 400 American documented vessels, and the vessels and freezing and storage plants furnished employment to thousands of American citizens.

*The first Canadian try for American markets.*—The first attempt by Canada to compete in the American markets was made by the Canadian Pacific Railway Co.—a Government-aided road—in 1899, when through its influence an order in council was procured according to certain American vessels subsidized to fish for American markets from a Canadian port the hitherto ungranted privilege of discharging the American catch in Canada in bond for movement to a United States market through Canada free from the payment of the Canadian duties. This was ostensibly open to all American boats, but contained the restriction "direct from vessel to cars," which restriction was not enforced against the subsidized interests, which established freezing plants at Vancouver, British Columbia.

*Secret cut-rate subsidy.*—The subsidy took the form of a secret and very low express rate, arranged through the Canadian Government's protégé, the Canadian Pacific Railway, and its subsidiary or allied corporation, the Dominion Express Co. This subsidy enabled vessels fishing from Canadian ports to place their catch in cities of the East at wholesale prices which could not be met by American port boats.

*Method of keeping cut rate secret.*—To prevent knowledge of the rate coming to American lines, it was the practice to require prepayment of the Canadian line proportion of the through published tariff rate, less the agreed rebate, the American lines collecting at destination their proportion of the through published rate.

*Northern Pacific equalizes the Canadian subsidy.*—This continued until it was uncovered by the American fishing interests and brought to the attention of J. M. Hannaford, then traffic manager of the Northern Pacific Railway, who, after satisfying himself as to the facts, put into effect a 3-cent net-weight rate on fish from Seattle and Tacoma to New York and Boston. A storm of protest arose from Canada, but the Canadian advantage was broken.

*Canada rebates Canadian vessels the American duty.*—To encourage Canadian fishing for American market the Dominion Government then began the system of rebating to Canadian vessels the United States duty at that time assessed on fish entering the American markets from Canada. This placed Canadian ports on a par of advantage with American ports in supplying American markets and gave a real impetus to Canadian fisheries.

*Privileges to Canadian vessels in American ports.*—Canadian fishing vessels have always been accorded every courtesy and privilege in American ports. They are permitted to come into American harbors and purchase bait, ice, and supplies.

*Similar privileges denied American vessels by Canada.*—Prior to 1915, when Canadian methods assumed a more subtle turn, no American vessels, excepting those subsidized by Canada to fish for American markets, could buy bait, ice, or supplies in Canada. The small fish used as bait are scarce in Canadian and Alaskan waters in May, June, and July and scarce in American United States waters from August to November. The privilege of bait buying has, therefore, a very important bearing on the fishing competition of the two countries. In this matter we furnish Canada means of competition which they denied to us up to 1915 and yet deny to all vessels desiring to market their catch in an American port.

This is a striking example of the comity of each nation to the other's fleet.

*Unfair methods of arrest of American vessels.*—At all times the Canadian authorities have enforced every law and regulation against the American fleet and have seized on the slightest pretext and sold vessels of American subjects alleged to have violated Canadian laws or orders in council or for fishing within the 3-mile limit and have even "toll" vessels from off the high seas near enough to the unmarked boundary to be apparent justification of an arrest. The history of such cases are too lengthy to present here, but they are not complimentary to the character of justice meted out to Americans in Canadian courts, as may be ascertained by reference to the evidence and findings.

*Canadian vessels violate American regulations.*—On the other hand, Canadian vessels have fished in American waters, have solicited, sold, and delivered Canadian merchandise to vessels in American waters, and have purchased and

carried back to Canada return cargoes of fish caught in inland waters of the United States without the formality of entering or clearing at United States customs either the vessels or their cargoes. They have braved with impunity the violations of our every law and regulation, secure in the belief that a "British protest" alleging "unfriendly action" would minimize the penalty in case of seizure.

The Canadian Government, under the subtle influences of the Canadian Pacific Railway, continued to harass American fishing interests, always, however, adroit enough to avoid making too apparent its ultimate purpose and design of absorbing the fishing industry of the Pacific Northwest. In spite of the Canadian handicap, against which this country did not protest, American fishing flourished until new Canadian conditions and new Canadian aspirations prompted that country, emboldened by our humility, to place additional tentacles about the industry, to draw it the more surely within its control.

*The subsidized Grand Trunk Pacific completed.*—The Canadian Government is accredited with an investment of \$170,000,000 in bonds of the Grand Trunk Pacific Railway Co, as a subsidy toward the construction of that road, which was completed through and across an uninhabited and for the greater part uninhabitable country beyond Saskatchewan to a western terminus at Prince Rupert on Chatham Sound, at the southern border of Alaska.

*Business of Canada insufficient to justify Grand Trunk construction—was built to divert Alaska's travel and freights through Canada.*—The construction of the Grand Trunk Pacific was unwarranted by any business now existent or likely to be developed in the Canadian territory through which that line was built, and it is patent even to the casual investigator that in constructing the Grand Trunk Pacific Canada had in mind the diversion of Alaska's business from the United States to and through Canada. This belief is confirmed both by public statements of officials of that company and by its efforts to secure from Treasury Department officials interpretations of law which would place its alien steamers on a par with vessels documented in the United States in competing for Alaska's freight and passenger business between United States ports via Prince Rupert.

*Canada subsidizes the Canadian Fish & Cold Storage Co. at Prince Rupert.*—In an attempt to create tonnage for the Grand Trunk Pacific Railway and build up the Canadian fisheries, Canada then subsidized the construction at Prince Rupert by the Canadian Fish & Cold Storage Co. of a freezing and storage plant.

We have covered these developments in sufficient detail to demonstrate that neither the Grand Trunk Pacific and its terminals at Prince Rupert or the Government dock or its storage plant at that point were provided for the benefit of the American fishing interests, as up to this time American fishing boats other than those of the "special interests" mentioned were not permitted the privileges of Canadian ports but were harassed by Canadian authorities on all occasions. Any facilities for the fishing industry at Prince Rupert built with Canadian money, either Government or private, were provided for the purpose of encouraging Canadian competition with American interests for American markets.

*Unable to compete, Canada plans fleeing American fleet.*—Canada's subsidized fishing interests could not supply the desired tonnage for rail shipment over the Government road, and Canada then conceived the plan of making fair promises to induce the American fleet to frequent Prince Rupert, with the avowed purpose of bringing the American vessels to adopt Canadian registry.

This plan was announced and legalized by order in council, P. C. 468, dated March 9, 1915, which is so insultingly frank in its stated purpose that we give it here in full:

"Whereas, by order in council, dated 10th of December, 1914, it is provided that for a period of 12 months, from the 1st of January, 1915, foreigners or foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to land such fresh fish at such port without payment of duties, and reship the same in bond to any port in the United States (without the right, however, to sell in Canada any of such fresh fish so landed), and foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia, shall be permitted to purchase supplies at any port in the said Province of British Columbia, the whole under such regulations and conditions as the minister of customs shall determine; and

"Whereas, the said privileges are restricted to foreigners or foreign corporations bringing fish in vessels registered in the United States of America and shipping such fish in bond direct from the vessel; and

"Whereas, this prevents smaller vessels or boats, the catches of which will not make a carload, or the owners or operators of which may not be in a position to themselves ship their fish to the eastern United States markets, from availing themselves of the privileges; and

"Whereas, the minister of the naval service is informed that in view of the fact that Prince Rupert is several hundred miles nearer the fishing grounds than Seattle and as the Grand Trunk Pacific Railway is now operating, so that fish can as readily be shipped to the eastern United States markets from Prince Rupert as from Seattle, if such boats and smaller vessels were permitted to go to Prince Rupert and sell their catches to some person or corporation which would in turn ship them in bond to the United States, and if such vessels or boats were then permitted to purchase supplies for their fishing operations a considerable number of them would transfer their base of operations from Seattle to Prince Rupert, and would probably later transfer their vessels or boats to the Canadian registry and permanently operate from Prince Rupert; and

"Whereas the bonding and outfitting privileges have been renewed to vessels shipping their own catches direct, and it is deemed advisable that such privileges should for this year be available to smaller vessels and boats;

"Now, therefore, His Royal Highness the Governor General in Council is pleased to order, and it is hereby ordered, as follows:

"The said order in council of the 10th of December, 1914, is amended to provide that—

"During the present calendar year (1915) foreigners or foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia shall be permitted to land such fresh fish at any port without payment of duties and transship the same in bond to any port in the United States, or to sell such fish in bond to such local dealers or dealer as may be properly and duly licensed therefor, under the regulations and conditions hereinafter mentioned, which dealer or dealers shall export the same in compliance with the bonding requirements (without the right, however, in either instance, to sell in Canada for consumption therein, or otherwise except in bond, any of such fresh fish so landed); and such foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in British Columbia, shall be permitted to purchase supplies and ship crews for such vessels at any port in the said Province of British Columbia, the whole under such regulations and conditions as the minister of customs may determine."

*Canadian concessions not equitable to United States.*—Canada in making these concessions was not actuated by any friendly interest in the United States. It did not grant the privileges accorded to American interests by this order in council on the equitable basis of similar privileges granted by the United States to Canadian interests. It exacted a heavy toll in exchange and bound the American industry to Canadian ports as with chains.

*The bearing of "bait" on the halibut industry—Canadian vessels unrestricted as to purchase of bait in United States.*—As has been noted, the small fish used for bait are plentiful in United States inland waters during the best season for halibut on the Oregon and Washington banks and are scarce in Canadian inland waters during the same period. The conditions are exactly reversed during the Hecate Strait season of heavy catch. Bait is then scarce in United States waters and plentiful in Canadian waters. Canadian vessels fishing the Oregon and Washington banks deliver their fish to Canadian ports, and on their way back to the fishing grounds, drop into a United States port and purchase bait without stipulation of American market for their catch.

Prior to January 1, 1915, at all times during the Hecate Straits season of August to November and the later season when bait is plentiful in British Columbia and scarce in the United States, American boats outside the "special interest" vessels, having marketed their catch in an American port were compelled to go into Alaska waters for bait. Canada absolutely denied them the privilege of purchasing British Columbia bait at any price.

*Baiting the trap for the American fleet.*—Canada could not have used any lure as effective as the lure of "bait" used in its order in council to draw the American fleet into the Canadian trap. When offered in the season of northern fishing it was especially potent to force American fish cargoes into Prince Rupert. Its immediate effect was to attract to Prince Rupert a considerable portion of the fleet; in 1916 the order in council was renewed, with addition provisions. The text is here quoted in full:

"During the present calendar year (1916) foreigners or foreign corporations bringing fresh fish in vessels registered in the United States to any port in British Columbia shall be permitted to land such fresh fish at such port without payment of duties, and transship the same in bond to any port in the United States, or to sell such fish in bond to such local dealer or dealers as may be properly and duly licensed therefor under the regulations and conditions hereinafter mentioned, which dealer or dealers shall export the same in compliance with the bonding requirements, but without the right, however, in either instance, to sell in Canada for consumption therein or otherwise, except in bond, any of such fresh fish so landed; and such foreigners and foreign corporations bringing fresh fish in vessels registered in the United States of America to any port in the said Province of British Columbia, shall be permitted to purchase bait and supplies, and ship crews for such vessels at any port in the said Province of British Columbia; provided, also, that such foreigners and foreign corporations before bringing fresh fish to a port in British Columbia may be permitted to purchase bait at any port in said Province of British Columbia upon an undertaking to the satisfaction of the Minister of Customs that catches of fish made with any baiting so supplied shall be landed at any port on the mainland of British Columbia, and be thence forwarded in bond to a port in the United States—the whole under such regulations and conditions as the Minister of Customs may determine.

*The endless bait chain binding the industry to Canada.*—It will be noted that the 1916 order in council modifies the former order in council by providing that the operator of any American vessel may purchase bait in Canada on executing an "undertaking" to the satisfaction of the minister of customs to land the catch from such baiting at any port of British Columbia. Once bait was so taken in Canada, it became an endless chain to force all subsequent catches into Canadian ports. There was no way to escape except to make an empty and therefore profitless, though expensive, trip to the United States and start anew from a United States port.

*The penalty for breaking the bait chain.*—The penalty for failure to pay to Canada its "pound of flesh" in return for the opportunity to buy bait is made so apparent to all that but few vessel owners have had the temerity to evade the payment, and they have since been officially denied the privilege of purchasing supplies or bait in a Canadian port. So does Canada punish any effort of the American fleet to break from the Canadian control.

*The fleet goes to Prince Rupert.*—Fair promises by word of mouth and orders in council enticed the vessels of American fleet to Prince Rupert. Once the endless bait chain was set in motion, to that point they must needs return with their catch, and, taking bait, of necessity with the catch and in this manner Prince Rupert secured the bulk of the American fish.

*The Canadian monopoly scalps the American markets and fishermen.*—Halibut though plentiful at Prince Rupert became scarce on Puget Sound. At Prince Rupert, where the "Government plant" held the buying market exclusively, the fishermen having placed themselves under the thralldom of the Canadian bait contracts which prevented seeking American markets direct, were paid from 3 cents to 5 cents per pound less for their catch than the price obtained on Puget Sound. The difference in price between the two ports was taken by Canada as an excess profit from the American consumer.

*American wholesalers open branches at Prince Rupert.*—Absence of fish offerings on Puget Sound and at Alaska ports forced American wholesalers to open branch houses in Prince Rupert in attempts to secure an adequate supply of fish for their customers.

*Canadian monopoly and price fixing temporarily broken.*—This move by American houses broke temporarily the Canadian monopoly and price fixing. Under this competitive buying the American fishermen received an increased price for their catch—within 1 to 2 cents of the prices paid on Puget Sound—which enabled them to get a fair return on their labor and investment. The excess profit by the Canadian monopoly was eliminated, but the price to the American consumer remained the same. The increased cost of operating additional plants at Prince Rupert instead of from their American plants exclusively imposed on American firms by conditions must necessarily be added to the consumers' cost.

*Canada discovers way to nullify American buyers' competition.*—It did not take the Canadian Government long to nullify the American buyers' competition. The manner of its accomplishment is an interesting exhibit in the evidence of friendship of Canada for the United States fishing interests.

The additional handicap to American interests provided by the Canadian Government was based on the American market demands which must be explained before an understanding can be had of the effect of Canada's next move to shut out the competitive buying of the American catch.

*Prompt movement or freezing essential to success in halibut industry.*—Fresh halibut, iced only, to be in prime condition, must reach the consumer within 15 to 20 days after being caught. Frozen they will keep in prime condition indefinitely. Quick movement or a freezing plant are therefore essential factors in the halibut business. Any operation at Prince Rupert other than that of the Government plant, is badly handicapped as the Government freezing plant is not open to its competitors at rates and under conditions which will permit of its use.

*Eastern markets demand fish of medium and uniform size.*—The eastern markets reached by the Grand Trunk Pacific from Prince Rupert demand what is known as No. 1 fish, i. e., fish of uniform and medium size. Other markets accept No. 2 fish, consisting of large fish and "chickens" or very small fish.

*The Government ships No. 1 and freezes No. 2 fish.*—The Government plant at Prince Rupert culls its catch and purchases from independent boats, sends the No. 1 fish to the eastern United States markets and freezes the No. 2 fish for other markets and for shipment to Europe.

*American firms ship No. 1 and send to western market No. 2 and surplus No. 1 fish.*—American vessel owners and buyers not having freezing facilities at Prince Rupert culled their catch and purchases from independent vessels, sent the No. 1 fish to eastern United States market via the Grand Trunk Pacific Railway and undertook to send the No. 2 fish and surplus No. 1 fish by boat to Puget Sound, whence they could be distributed to United States western markets.

*Interprets order in council for benefit of Canadians.*—As soon as it became apparent to the Canadian interests that by this method American firms could still compete for the purchase of the catch of independent boats and properly dispose of the catch of their own vessels, a new interpretation was given by the Canadian Government to its order in council under which the catch of American vessels had been accorded the privilege of transit in bond through Canada to an American market, and on June 7, 1916, it was held that the "transit in bond" privilege only applied to rail shipments, and that American fish could not go out of Canada by steamer to western United States markets. As there was no rail connection to western markets, the result was to limit the western market to fish caught by Canadian vessels.

*Interpretation limits competitive buying of American fish.*—American fish had been moving by water in bond under the order in council for over a year, and it was not until the advent of American buyers had created a competitive buying market that the Canadian Government discovered an interpretation of the "transit-in-bond" privilege, which would again establish at Prince Rupert a noncompetitive buying market for the American catch.

*Immediate result reduction in price for American catch.*—The immediate result of this interpretation was a reduction in the price paid at Prince Rupert for the American catch. As the No. 2 fish and surplus No. 1 fish of the American catch could not be shipped by the American companies to the western markets, and as the freezing facilities of Canada were not open to American companies on a basis which would permit them a profit on their business if so handled, it became necessary for independent boat owners in most instances to sell their catch at noncompetitive prices to the Canadian concern. If an American wholesaler fished his own boats out of Prince Rupert he found it necessary to sell the catch of such vessels to the Government plant and purchase Canadian fish for his trade at from one-half to 2 cents per pound higher price than received for American fish. There was no restriction as to the movement of Canadian fish; they could be shipped direct to Puget Sound by steamer without hindrance.

*American catch economically handled by Government plant.*—The American culls went into the freezing room of the Canadian plant and it is the common belief that once purchased by that concern they promptly lost their identity as American fish and, so far as movement through Canada to United States points is concerned, became to all intents and purposes Canadian fish, accorded the advantage of movement by direct steamer to Puget Sound which was denied them until they had passed into Canadian hands.

*A later modification of interpretations accommodates Vancouver but affords no relief to western United States markets.*—It was soon discovered that the modification of the meaning of the order in council was too sweeping in char-

acter for proper Canadian protection and that in its zeal to favor the Grand Trunk Pacific and the Government plant at Prince Rupert, the Canadian Government had discriminated against its other child, the Canadian Pacific Railway, operating from Vancouver, and that the new interpretation prevented Canadian companies at Vancouver from buying American fish in the Prince Rupert market for shipment East via the Canadian Pacific Railway. This oversight was promptly remedied. A "lightning change" was effected in the interpretation of the flexible order in council and presto! it appeared in a new dress which permitted the carrying of American fish in bond via Canadian bottoms only from Prince Rupert to Vancouver, thence by rail to American ports. American companies are afforded no relief by the interpretation permitting shipments by Canadian steamers to Vancouver thence by rail to United States ports. Rates made on such combination to Puget Sound and delays to such shipments before delivery to the rail line at Vancouver make it more economical to sell the American catch at Prince Rupert and purchase Canadian fish for the American market.

*Decreased price to American fishermen—Increased cost to American consumer.*—It will be apparent that these "friendly acts" of the Canadian Government, with its "made-to-order" interpretations, have assured a monopoly of American fish to its protégés the Canadian companies, business, and railroad at Prince Rupert and by shutting the American culls and surplus fish not required for eastern shipment out of American western markets until they have passed through Canadian hands, has greatly increased the retail cost of halibut to the consumer in the United States markets and has at the same time decreased the wholesale price paid the American fishing boats for their fish at Prince Rupert.

*Conditions imposed prevent use of Government plant by American concerns.*—It will doubtless be claimed by Canada that the freezing and storage facilities of the Government plant at Prince Rupert are open to American houses. Theoretically, yes; practically, no. The catch and purchases of the Canadian company are given preference at its plant—American concerns must wait. Even in the furnishing of ice for rail shipments American interests are served only after the Canadian company's shipments are provided for, and in case of shortage of ice the American concerns go without. For weeks at a time American shippers have been refused ice at the Government plant under the plea that they were overhauling (this in midsummer) and could only make ice for their own requirements.

*Freezing and storage prohibitive for American firms.*—The Government plant quotes American firms a rate of one-half cent per pound for freezing, inclusive of one month's storage, and one-fourth cent per pound per month for storage thereafter. The American firm must furnish its own "culler," but the Canadian company reserves the right to prepare the fish for freezing and for preparing and boxing for shipment. For this service it is not willing to make a fixed price per pound, but advises it will perform these services at cost plus 10 per cent. The Government plant does not accept responsibility for the quality of its work and requires a waiver of claims from its customers. The experience of American interests with that plant in the matter of ice does not justify them in intrusting it with valuable cargoes of fish to be frozen. Neither do the manipulations of orders in council by the Canadian Government, which places American firms at a decided disadvantage, serve to encourage American interests in the establishing of freezing plants of their own at Prince Rupert lest that ever flexible weapon—an order in council—be invoked to place them at a further disadvantage in the battle for American markets. They are "between the devil and the deep sea."

*American houses must choose between horns of the dilemma.*—As they can not economically avail themselves of the Canadian facilities claimed to have been provided for their use, the only alternative for American houses under present conditions is the building of cold storage plants in Canada with American money—an investment that would undoubtedly sooner or later be made valueless to Americans by Canadian orders-in-council method, and be absorbed by Canadian subsidized competition.

*Every move detrimental to American interests.*—It should be unnecessary to further detail the handicaps to the American industry of the Pacific Northwest resultant from the peculiar Canadian methods and the failure of the United States to provide the necessary protection, though we have not exhausted the catalogue. The results have been many-sided, but always detrimental to American interests.

*Effect of present conditions on American fish houses.*—American fish houses on the coast are required to incur a dual overhead expense which must be borne by the consumer. Notwithstanding the excess price to the consumer, the American wholesaler is making a lessened profit on his operations and is unable to procure fish necessary to his markets even at the increased price, due to the ability of Canada by its orders in council as outlined herein, to force the sale of American fish to the Canadian subsidized plant. This plant exports large quantities of frozen halibut to Great Britain, where high prices obtain on account of shortage in supply from the North Sea. So long as our fish is landed in Canada we can not control the situation, and we are actually confronted with the probable loss of the American investment through the Canadian competition.

*Effect on the American fleet.*—As to the American fishing vessels. Canada's order in council is very frank, and states that the object of opening Prince Rupert is to secure the American fleet for Canadian registry. Forced to operate from Canadian ports, the disadvantage of American registry becomes daily more apparent to independent boat owners and the plans of Canadian nearer consummation. Under the present competition it is unprofitable to operate under American registry. The Canadian boats have many advantages, including a better price for their catch. It is not to be expected that American vessels under Canadian registry would be permitted for long American ownership. Some new and subtle order in council would complete the Canadian plans for acquisition of the American vessels and the "American fleet" would be a memory only.

*Direct effect on American fishermen and other workers.*—If the American fleet passes, American fishermen lose their employment. At present American fishermen may accompany American vessels to Canada and temporarily are accorded permission to reship on other American vessels in Canada. They must not, however, under restrictions imposed by order in council, go from Puget Sound to British Columbia for the purpose of joining an American vessel there, and any shortage which occurs in an American fishing crew in Canada entails filling the vacancy with a Canadian fisherman, unless there is an American fisherman available who was discharged in Canada from some other vessel. The objections interposed to the coming into Canada of Americans of the working classes has even been applied to prevent American houses from sending bookkeepers from Puget Sound to handle accounts at the Prince Rupert branches.

*Effect on American people.*—Though the American fishermen receive less for their catch and American wholesalers make less profit, the American consumer pays an excessive price for his fish or goes without as the result of present conditions, and the American public is denied the benefit of trade relations with its own fleet, which purchases its supplies and maintains the families of its employees, numbering thousands, in Canadian ports where their expenditures, which should be the natural perquisite of the American people, go to swell the revenues of Canadian merchants.

*The only cure aside from prohibition of Canadian fish.*—The only real move ever made to guarantee the benefits of this industry to the United States is the measure first herein referred to and since proposed to be offered by Senator Chamberlain as an amendment in the Senate to H. R. 16763. In the face of the declared intent by order in council of acquiring this industry by stealth, the British ambassador has protested the proposed action by Congress as an "unfriendly act" while at the same time Great Britain publishes a boycott of innocent American firms, who are prohibited from the benefits of trade relations with that country. What benefits can result to this country from British friendship if it continues so unmistakably antagonistic to our industrial and commercial interests?

The British protest, considered in the spot light of fact, is so manifestly self-centered and so utterly disregardful of the rights of this country as to raise the question in the mind of every thinking American as to whether the sympathy we have accorded Great Britain has not been misplaced.

*British protest selfish.*—The British position is so untenable that it should be unnecessary for Americans to protest against it, or to urge upon Congress and the State Department the passage of the proposed measure for equalizing to Americans Canada's present advantage.

*Canada's intent is unmistakable.*—There can be but one interpretation of Canada's actions—delay which will further its designs upon the American fishing industry of the Pacific from the humblest fishing boat to the proudest

vessel of the fleet. That country has boldly proclaimed to the world by order in council both its purpose and its plan of accomplishment.

*Canada's announced purpose an insult to our patriotism.*—Canada's procession toward the fulfillment of this purpose is accomplished by blatant, insulting arrogance which challenges the patriotism of our citizens by assuming that we dare not resist and that concealment of its intent is therefore unnecessary.

*British ambassador may have been misinformed.*—It is incredible that the British ambassador could be drawn to the support of Canada's claims, except the facts have been withheld from him. If properly informed he must of necessity through sense of fairness withdraw his protest, or become a party to Canada's unjust contentions.

*Summary of issues involved.*—What are the issues involved? What would be the inevitable result of further permitting present conditions?

First. A purely American industry would be permanently diverted from American to Canadian ports.

Second. The \$5,000,000 capital investment of American citizens would become valueless and be absorbed by Canada.

Third. The fishing fleet numbering hundreds of vessels would pass from American to Canadian registry.

Fourth. Thousands of American fishermen would eventually be displaced by Canadian subjects.

Fifth. American transportation companies—water and rail—would be robbed of the transportation of fish caught on our own coasts destined to American markets.

Sixth. American commerce would lose the trade benefits incidental to operation of this \$5,000,000 industry—yet in its infancy.

Seventh. The control of a valuable American food supply and of its cost to American consumers would pass from the United States to Canada.

*Justice to Americans imposes no unfair competition on Canada.*—The judgment of a Solomon is not a requisite to a just determination of the question. Shall we rob Americans of the results of their enterprising industry at the instance and for the benefit of Canada, or shall we conserve American interests regardless of Canadian protest, confident in the knowledge that our act of self-preservation imposes no unfair competition on like interests of Canada? There can be but one answer. Self-preservation is the first law. If we destroy ourselves we must gain but the contempt of other nations who attribute our concessions to inefficiency or fear.

*To acquiesce is acknowledgment of industrial and commercial vassalage.*—To acquiesce in the protest by Great Britain in the face of the evidence is to shame the spirit of 1776 and to humbly and submissively extend our wrists to be manacled as evidence of our commercial and industrial vassalage. We therefore voice our protest on behalf of American institutions and ask the small protection for our industry and our employees that would be afforded by providing "That from and after 90 days from the passage of this act no fresh or frozen halibut or salmon from the north Pacific Ocean or its tributary waters shall be admitted into the United States through any foreign country except when the same shall be in bond from an American port."

We, the undersigned, subscribe our names to the foregoing statement of the handicaps to and threatened extinction of the American fresh-fish industry, which we represent, in the belief that if the facts known to us and set forth in this statement are presented to the administration and Congress they will outweigh the uninformed and uninforming protest of the British ambassador and that Congress will immediately provide the necessary protection.

BOOTH FISHERIES Co.  
SAN JUAN FISHING & PACKING Co.  
NATIONAL INDEPENDENT FISHERIES Co.  
RIPLEY FISH Co.  
GLACIER FISH Co.

Mr. CLARK. That you may be fully conversant with the plan that has been devised by Great Britain for the acquisition of our fisheries and to divert their benefits to Canada, I will read for your information a memorandum prepared for the press, in which I have endeavored to analyze the statements accredited to Hon. J. D. Hazen,

minister of naval service, and to harmonize them with an interview published in this country and given out by Mr. Alfred Bigland, a member of the British House of Commons. I think it is of sufficient interest to be read at this point, even though it involves giving up something else:

It should be a matter of intense interest to the public to learn that Great Britain expects to pay off \$180,000,000 per year of her war debt with the income of the fisheries of North America. Coupled with that fact it should be the subject of greatest concern to every American citizen that Canada will attempt a settlement of all outstanding differences with the United States over fisheries by proposing equal rights in the ports and fishing grounds in both the United States and Canada for the fishermen of either country.

June 9 press dispatches from Ottawa accredit to Hon. J. D. Hazen, minister of naval service for Canada, in control of the fisheries, the announcement to the Canadian Parliament of Canada's plan for acquiring equal rights in American waters for British fishermen.

The statement as to England's plan for payment of the war debt was announced by Mr. Alfred Bigland, a leading business man of London, member of the British House of Commons. Mr. Bigland, who has traveled extensively in this country, states that Great Britain has launched a Resources Development Committee, with Sir Starr Jamlson at its head, and that aside from the fishing resources of the North American continent, which he believes to be susceptible of development to a profit of \$180,000,000 annually, the committee will have charge of developing and utilizing the jute of India and the whale oil of the South Seas in the repaying of the British war debt.

In a recently published interview Mr. Bigland sets forth that the state is back of the enterprise and is enlisting experts to seek out the most valuable resources of the Empire and exploit them. Of interest and significance in this connection is the fact that the British Government has stationed at Ottawa an expert of the type mentioned by Mr. Bigland, in the person of Mr. Hugh A. Green, of the British Army, who bears the additional title of director of fish supply. Maj. Green is a very charming gentleman, who jovially refers to himself as the "Fishmonger General," and with great initiative and ability consistently works in harmony with the development of the plans of his Government for the expansion of Canadian fisheries.

In outlining the plan of Great Britain Mr. Bigland sets forth that after the war the great fleet of trawlers, now engaged in mine sweeping, will be utilized as an empire fleet in the North American fisheries; and explained that it was the intention to tap the fisheries on the Pacific, bordering on British Columbia, and those in the mouth of the St. Lawrence and in the waters around Labrador and Newfoundland. He outlined that the Grand Trunk Pacific Railway Co. had already quoted a refrigerator freight rate of 2 cents per pound from Prince Rupert to Liverpool, and that a still lower rate would be available for Government contracts.

It is proposed to build cold-storage plants in towns throughout the land. Fishermen are to be paid according to the size of their catch, and the profits from the catch of the empire fleet are to go into the British treasury, according to Mr. Bigland who doubtless having in mind our Alaska fisheries.

He states this in connection with the rate from Prince Rupert, which leaves no question as to what he has in mind:

\* \* \* states that "there is no limit to the supply" and enthusiastically adds "we could become purveyors of fish in all forms almost to the whole world."

One can only feel strong admiration for a Government which, in the midst of a conflict such as now engages its attention, finds time to carefully plan and develop the present and future commercial welfare of its citizens.

If we had only the statement of the British commoner to consider, we might in our egotism pass it lightly by as an enthusiastic dream of British trade expansion; but no American citizen familiar with the manner and rapidity of absorption of the north Atlantic fisheries by Canada can consider the statement of Mr. Bigland, with that of the Canadian minister of naval service—the one the complement of the other—without feeling alarm for the future of United States fisheries on the Pacific.

If Canada were successful in its effort to secure rights equal to our own in our ports and inshore fisheries, the plans of Great Britain's resources-development committee, as outlined by Mr. Bigland, would assuredly be accomplished, for American citizens operating under and amenable to United States navigation laws could not successfully compete against British boats fishing to deep sea or in American waters direct from American ports, operated, as may be, by Asiatic crews under orders in council tempered to their requirements.

If Canada's plan for joint user of ports and fisheries were accomplished, and Britain should conduct operations on the scale outlined by Mr. Bigland, it were then possible for them to so operate as to greatly reduce, if not destroy, the value of every pound net or salmon trap in Puget Sound and Alaska, intercepting the fish and diverting them to the uses of the empire fleet, which proposes to catch and prepare fish in all forms for the world's markets.

We must credit Britain with a proper national spirit in the plan for fisheries expansion. It is not only the prerogative but the duty of nations to consider the development and control of industries which insure prosperity to its citizens, and that duty properly performed has been responsible for most of the world's progress.

It is, however, equally imperative that the United States protect its industries from invasion from without and expand them for the benefit of the United States citizens and American posterity, and it is the duty of every citizen of this country to not only inform himself as to conditions but to present the results to Members of Congress and officials of our Government at Washington in such manner as will aid them to a better understanding of the ruinous effect upon the American fishing industry of such arrangement as Canada proposes, and impress upon them the necessity of restoring American direct-port fishing to its former importance.

In 1860 Maine and Massachusetts alone maintained 2,407 vessels, aggregating 120,496 tons, fishing for cod on the banks of Newfoundland. To-day the paltry total of 60 vessels flying the United States flag are so engaged, while Mr. Bigland states that Newfoundland alone is exporting an average of 300,000 tons of cod annually. Fisheries of New England have steadily decreased until, in 1916, their total value was but slightly more than \$6,000,000, whereas Canada's fisheries have steadily increased in value under careful Government nursing until in 1916 they were valued at over \$35,000,000.

In 1860 the total United States fisheries on the Pacific consisted of 1,000 barrels of salt salmon. To-day they represent a value of over \$60,000,000 annually, furnish employment to thousands upon thousands of American citizens, and are of the utmost importance in their production of a food supply for the American public.

Already Canadian absorption of American fisheries and foreign-controlled increased cost to the United States public has been felt by the consuming public in the Atlantic coast markets. In the light of Atlantic coast experience, American labor and American business should be a unit in work and influence for the conservation of our fisheries for the benefit of the present and future generations of the American people, and should urge the restricting of their future exploitation to American capital, owning United States documented vessels, manned by American crews. If there be this harmony of purpose on the part of American people, it will be possible to recreate American fishing fleets as a naval reserve unit, as dependable in times of stress as were those of our earlier history on the Atlantic. This should be the aim of every patriotic American citizen.

The apprehension of the American fresh-fish people and their expressed fear of being left to the tender mercies of Canadian vessels admitted into the American coastwise service is well founded, for they have had many bitter and personal experiences on which they base their expressed views. They know the flexibility of a Canadian order in council in the hands of Canadian officials cooperating with Canadian transportation interests. They have been denied the privilege of shipping from Prince Rupert to the United States ports ocean fish caught by American vessels. They have been obliged to submit to having fish for which they had paid and which were not

suited to eastern market demands, although admirably adapted to Pacific coast markets, hacked into small pieces and thrown into the bay because they were not permitted either to ship the fish from Prince Rupert to Seattle or to dispose of them in Canada.

The question was asked the other day as to what rights the American vessels had in Canadian ports. The Canadian order in council, under which the fishermen had been invited to come into Prince Rupert, gave assurances they would be permitted to ship their fish in bond to any port in the United States. But when American buyers began purchasing fish at Prince Rupert and secured a considerable portion of the supply by reason of their cooperation with the American fishermen, on June 7, 1916, there was given to the order in council a new interpretation which prevented the shipment of these American-caught fish by vessels by water to a United States destination, and it was held, though the order in council did not so read, that it restricted the shipping of American fish to points within the United States by rail, which meant that they must be shipped over the Grand Trunk Pacific Railway and could not reach Pacific coast United States ports. The Pacific coast States were thus denied fish required for their markets—fish which were ultimately chopped into bits and thrown into the bay—because they were not permitted a Canadian market unless brought there as freight on common carrier. So that on the 7th of June, 1916, when that order was modified as to its intent, and from that time down to the end of the year, it had been impossible for an American vessel to carry that strictly American cargo from the foreign port of Prince Rupert to the United States.

Do you wonder that we are alarmed over conditions as they exist in Alaska and on the Pacific coast; do you wonder that we are alarmed as to the possibilities of what may exist on other coasts of this country if we broadly open our door to the admission of foreign shipping into our coastwise trade?

Mr. HARDY. Have we no comity with Canada? Are we letting their ships run from their ports to our ports, while they have excluded our ships?

Mr. CLARK. It is the interpretation of the order in council that accomplishes that.

Mr. HARDY. Do you mean to say they won't allow American ships to come from a Canadian port to an American port?

Mr. CLARK. Not with American fish.

Mr. HARDY. With anything?

Mr. CLARK. Oh, yes.

Mr. HARDY. I am inquiring whether they exclude our ships from going from their ports to our ports.

Mr. CLARK. No. They exclude us from carrying American fish cargo, which is practically the only thing offered from Prince Rupert to Seattle.

Mr. SAUNDERS. Do I understand from what you say that American ships from San Francisco, for instance, can not get in the port at Prince Rupert fish from American fishermen and then carry it to San Francisco?

Mr. CLARK. No, sir.

Mr. SAUNDERS. What is precisely the situation there?

Mr. CLARK. The situation is that they desire the fisheries, and that their manner of enforcement of orders in council is such——

Mr. SAUNDERS. They can not get the fish. When you say "no, sir," you mean——

Mr. CLARK. I mean the officials of Canada formerly permitted American vessels to transport American fish from Prince Rupert to an American port, but on June 7, 1916, ruled otherwise.

Mr. SAUNDERS. Then you can not do that; an American ship from San Francisco can not go to Prince Rupert and get a cargo of fish there, from American fishermen, to be taken back to San Francisco?

Mr. CLARK. No.

Mr. SAUNDERS. That is the exact state of affairs?

Mr. CLARK. That is the exact state of affairs.

The CHAIRMAN. You state now that that is the fact?

Mr. CLARK. Let me give the further interpretation or that order in council. In about 10 days it was found that this pinched another Canadian company, the Canadian Pacific Railway, which also handled the transportation of fish from Pacific coast ports to eastern United States ports, and then a further modification of the meaning of the order was made under which American fish may move in British bottoms from Prince Rupert to Vancouver and thence move by rail to United States ports.

The CHAIRMAN. But even as modified you state as a fact that the American vessel can not go into Prince Rupert and get a cargo of fish.

Mr. CLARK. Fresh American-caught fish, yes.

The CHAIRMAN. From American fishing boats, Alaskan fishing boats, that take them to Prince Rupert to be loaded onto American vessels and to be brought into Seattle, Portland, San Francisco, or some other American port?

Mr. CLARK. Yes, sir. That was the condition from June 7, 1916, down to the end of the year, since when I am given to understand from authoritative sources, officials representing Canada, claiming to have been unaware of conditions as they existed at Prince Rupert, gave assurances that they would be modified to permit unrestricted shipment in bond of fish by water. But you will discover by the telegram from which I quoted, detailing conditions as of July 18, that, notwithstanding these conditions were supposedly modified, fishing vessels were said to have been denied the privilege of clearing from Canadian ports to an American port with their fish.

Mr. RODENBERG. So there has really not been any change?

Mr. CLARK. There has apparently been no officially authorized modification. I am not able to speak authoritatively, and I do not wish to be placed on record with reference to the transportation of fresh fish by American vessels at the present time, but that was the apparent official status from June 7, 1916, to the end of the year, and, I am given to understand, to April of this year. I was particularly referring, however, to the conditions as they existed and were confirmed by published authority from Ottawa or telegraphic authority made public subsequent to June 7, 1916. I have overlooked, however, the fact that about December 1, 1916, the American buyers at Prince Rupert were officially invited to violate the terms of the authorized interpretation of the Canadian order in council as indicated in the

copy of a letter written from Prince Rupert, which I shall insert. I will withhold the names of the writer and the recipient, but will state that the facts have been confirmed by an official of this Government, who also confirms that it was the practice of Canadian officials to cut in pieces with knives and dump overboard fish not shipped by rail from Prince Rupert and has reported both facts to this Government. The letter in question reads as follows:

DEAR SIR: For your information I beg to advise that this afternoon Mr. Jarvis H. McLeod, collector of customs for this port, called on each of the American concerns doing business here and advised, very confidentially, that he would permit us to ship fish from American boats to Seattle by steamer direct. He stated that he was giving us this permission entirely on his own responsibility, and intimated that he intended to keep the department at Ottawa in ignorance of what was being done as long as possible.

In view of the fact that Mr. E. S. Busby, chief inspector of customs for the Dominion of Canada (who is Mr. McLeod's uncle), left last night after spending several days here, practically in hiding; I am of the opinion that Mr. McLeod is acting under instructions from the department. Possibly they consider this the easiest manner to back down from the position taken last June regarding shipments to Seattle, figuring that a new order in council would attract unfavorable attention in the United States by showing how easy for them it is to pass orders in council, therefore how uncertain are conditions under which we are permitted to do business here and how absolutely our business is under Canadian control.

Undoubtedly the Canadians believe this a clever move that will at once remove certain objections on the part of American concerns doing business here, and also overcome some of the arguments used at Washington to induce Congress to pass some such bill as was introduced during the last session of Congress to guarantee United States control of her own fish business.

I wish to further call your particular attention to the manner in which this is being handled. Should Congress fail to pass some measure to regulate fish shipments from the north Pacific into the United States, Canada could enforce the present order in council by simply repudiating Mr. McLeod's actions.

Very truly, yours,

Mr. BOWERS. That applies to fresh fish?

Mr. CLARK. That applies to the shipment of fresh fish which has been diverted by American fishermen to Prince Rupert.

The CHAIRMAN. When the question first came up and was brought to my attention, I tried to secure legislation to the effect that no fish might be shipped from Alaska to American ports except in bond.

Mr. CLARK. The original interpretation of the order in council was in accord with its wording. That interpretation continued only until the American buyer indicated his ability to buy successfully in competition with Canadian concerns this American fish for the American market.

Mr. HADLEY. If the order in council had not been so interpreted, they might the next day have modified it so that there would have been no question as to its interpretation; that is their method of operation?

Mr. CLARK. They are so interpreted that they are enforced for the benefit of Canadian business.

Mr. HARDY. Don't you think, along that line, that the proper, up-to-date method of dealing with that kind of problem is to try to secure comity rather than mutual cut-throat measures? In fact, isn't it true that the history of commerce is that the effect of these restrictive measures by one Government shows they have produced similar restrictive measures by the other until commerce gets in such

a tangle that it can not live and it is a mutual destruction of interests? And did not we try to get something like that in 1828, when we destroyed our last navigation restriction instead of trying to go back and get into mutual restrictions?

Mr. CLARK. Mr. Hardy, you stated our difficulties the other day when you said that Congress was a large and cumbersome body and that it was difficult to accomplish results. Let me state it is very difficult (and we do not question the good intent) for Congress as a body, for the departments as departments, with the many demands upon them, to get into that close harmony with the business interests of the country in detail which would permit the devoting of particular and prompt attention to business conditions as they exist on Puget Sound, for instance, when there are so many interests elsewhere crying for attention. We have in Canada, however, that close cooperation between business and the Government, which continues clear down to and through the very last Government representative, whereby Canadian orders in council can be provided overnight or dismissed overnight to meet the exigencies of any particular need for further protection of Canadian or British interests.

Mr. HARDY. Do you mean to say that we can not make any treaty with Canada that would prevent cut-throat methods by means to be taken overnight? What is the use of treaties? We frequently run across the idea here presented, with stringent force, that if we do certain things they will be considered as an unfriendly act. But can not we do anything without being charged with an unfriendly act? Have we no rules which she holds sacred?

Mr. SCOTT. Didn't I hear you say, Judge Hardy, if I may ask you a question, that you have been here a number of years, and I may be mistaken, but I think you made the statement the other day that the only comity you had ever seen here had been comity on the part of the United States?

Mr. HARDY. No; I did not make that statement.

Mr. CLARK. I made the statement to which Mr. Scott refers. I said I felt that we, perhaps more than any other nation, had exhibited traits of comity.

Mr. SCOTT. I thought the Judge made that statement.

Mr. HARDY. I am not quite so critical of the other nations.

Mr. CLARK. May I observe here just why the fresh-fish people are so particularly solicitous in this matter?

The CHAIRMAN. You have gone over that; I think we have the situation from your viewpoint, and there is no use repeating. I want you to elaborate in the record on everything you want, because we are going to have a subcommittee on fisheries and I do not want to minimize what you say. And I have been trying the best I could to meet that situation, but our committee did not have jurisdiction.

Mr. CLARK. I just want to add one sentence to complete the statement on the fresh-fish situation in reference to the later interpretation affording the possibility of using British vessels to Vancouver. American firms buying fish in Prince Rupert were permitted to use British vessels for shipment of their fish to Puget Sound only to find that their shipments so moved were delayed in transit before delivery to the rail lines for carriage to Seattle so that they arrived at Seattle in a spoiled condition.

**Mr. SAUNDERS.** As I understand, then, this is about the substance of the matter you are presenting here this morning: The bill does not propose to admit foreign ships into the coastwise trade of Alaska, particularly?

**Mr. CLARK.** No.

**Mr. SAUNDERS.** It is only a bill under which, if the exigencies demand, they may be admitted into the coastwise trade of Alaska?

**Mr. CLARK.** Exactly.

**Mr. SAUNDERS.** And the substance of your argument is that whatever the exigencies might demand elsewhere, they do not demand it with reference to Alaska, and that the ships that the Canadians have out there, with which it is proposed to replace ships of American registry that would be withdrawn for service elsewhere, are ships that are just as available for that service elsewhere as the American ships that are proposed to be withdrawn, and, therefore, there is no reason why, so far as this bill is concerned, should it become a law, it should apply to Alaska?

**Mr. CLARK.** Yes.

**Mr. SAUNDERS.** Now, having that in mind, would not the constructions that you are presenting to this committee be appropriate to present to the authority that has the administration of this bill?

**Mr. CLARK.** My argument is from a broader American viewpoint than merely the preservation of Alaskan business, and I have made it a point to elaborate the conditions as they have developed in the Northwest as the basis of deterring action which will open the door to identically those conditions in other places.

**Mr. SAUNDERS.** But that is, of course, predicated upon the fact that the conditions are the same elsewhere.

**Mr. CLARK.** We have legislated for years to keep American railroads from controlling, absorbing, or eliminating other competing interests. We have assumed they would do that if they had the opportunity. But we have not prevented Canadian railroads from accomplishing that identical thing. When our laws were found insufficient, according to the Attorney General, to prevent Canadian operations from White Horse on the Yukon to Fairbanks, the petitioning Canadian Railway Co. eliminated competition from the American Steamship Co. that had been operating on the Yukon River and absorbed it through the medium, I am told, of a dummy American corporation, owned by the owner of the British boats—the White Pass & Yukon Railway Co., a British corporation. On Puget Sound the Canadian Pacific Railway eliminated its competition, occupied the routes, and absorbed the business formerly occupied and successfully handled by American boats, securing to itself business which was in the main American business originating at American ports and moving in bond through Canada to other United States ports. We suggest, therefore, that there is that same element of danger if we open the door elsewhere to the admission of Canadian ships, except under a particularly restricted authority that shall permit the operation of those ships between any two ports to move only specific cargo in the absence of American tonnage available for the purpose.

**Mr. HADLEY.** Is that a suggestion in the nature of an amendment, if this bill were to be reported—that you would want it restricted in that way?

Mr. CLARK. I think it should be. I think that would serve every purpose.

Mr. HADLEY. What is your idea of an amendment?

Mr. CLARK. The wording of an amendment of the kind I believe Mr. Bankhead mentioned the other day, if I am not mistaken.

Mr. HADLEY. I did not want to interrupt you, but I thought you had one in mind.

The CHAIRMAN. That is a question for us to work out when we come to consider the bill in committee.

Mr. HADLEY. I did not know but what he had worked out an amendment.

The CHAIRMAN. Mr. Duff has suggested an amendment——

Mr. CLARK. Mr. Duff suggested something along that line.

The CHAIRMAN. And Mr. Edmonds has one, although I have not seen it.

Mr. CLARK. There is one point I feel ought to be covered before this committee—i. e., the new manner of absorption, or one manner of absorption, of the benefits of the American shipping industry, without per se apparently placing it under a foreign flag. The Grand Trunk Pacific Railway Co. organized on the Pacific coast, in May of this year, a subsidiary corporation which took over an American vessel. They boldly state that it belongs to the Grand Trunk Pacific Co., and that the incorporators were Grand Trunk Pacific officials living in the United States. Announcement from the Seattle Times, of May 5, 1917, of this incorporation is as follows:

NEW COMPANY WILL OPERATE SCHOONER—GRAND TRUNK PACIFIC ALASKA STEAMSHIP CONCERN PERFECTS ORGANIZATION—TO BE SUBSIDIARY HOLDER.

Organization of the Grand Trunk Pacific Alaska Steamship Co., which will operate the power schooner *Tillamook* between Alaska ports and Prince Rupert, British Columbia, was completed yesterday afternoon with the filing of articles of incorporation in Olympia.

The new company will operate as an American subsidiary of the Grand Trunk Pacific Steamship Co., which owns the liners *Prince George* and *Prince Rupert*. The power schooner *Tillamook*, which will be the nucleus of a fleet to be operated in the Alaska cannery trade out of Prince Rupert, British Columbia, was purchased recently by the Grand Trunk Pacific Steamship Co. in Portland, and is now on the Columbia River, being made ready for her new service. She will be both a freight and passenger carrier and will handle cannery supplies from Prince Rupert, British Columbia, to Alaska and canned salmon on her southbound voyages.

The incorporators of the Grand Trunk Pacific Alaska Steamship Co. include Capt. J. S. Gibson, of Seattle, vice president of the Grand Trunk Pacific Dock Co.; J. H. Burgis, general agent of the passenger department of the Grand Trunk Pacific Steamship Co. in Seattle; F. L. Norman, commercial agent of the Grand Trunk Pacific Steamship Co. in Seattle; Carl E. Croson and Karl F. Hass.

The power schooner *Tillamook*, the first vessel to be placed in service between Alaska ports and Prince Rupert by the new company, is an American carrier and will be operated under the American flag.

It is of interest to note that Capt. J. S. Gibson, the American representative of the British company, sees nothing for American interests to fear from the admission of British ships into our coastwise trade for the period of the war, and has so expressed himself to the press on the Pacific coast. Capt. Gibson is a very estimable gentleman, loved by all his associates, but we believe he is getting his light on the picture from the wrong angle and can not, therefore, appreciate the points vital to the American interests.

Mr. HARDY. Hasn't it been the custom generally for our citizens to incorporate under foreign laws and to fly foreign flags for a long time when they claimed that they could not prosper under our own flag?

The CHAIRMAN. Capt. Dollar went to Canada to organize his concern.

Mr. HARDY. And I do not see why you should object to their coming to us, when our people go to them.

Mr. CLARK. The British shipping laws have been different in character from our own; but there could be no greater proof the benefit of our laws than what appeared in the recent British Blue Book, from which I read the other day, in which it was stated that our laws had conserved to our citizens, and built up an enormous tonnage which made it possible for us to be the second maritime nation of the world, and without which protection this large tonnage would not now be available.

Mr. HARDY. That is frequently gone over; but that has created a state of affairs under which it is impossible for any other ship to sail in our coastwise trade, and therefore we had to build up our own tonnage to take care of that enormous trade.

Mr. CLARK. I do not understand it was impossible, except as we prohibited them from engaging in our coastwise trade.

Mr. HARDY. I say, under our laws we prohibited them from engaging in our coastwise trade.

Mr. CLARK. That is the same point I make——

Mr. HARDY. What great wonder is it when we permitted only our own ships to build up that trade that we excluded everybody else from, that we have built up a large tonnage?

Mr. CLARK. I contend that it is a wise prohibition of law by which we exclude others and ought to continue.

Mr. HARDY. But by excluding all the balance of shipping, except for the tonnage we have built up in the coastwise trade, we have lost all of our foreign tonnage; and hasn't that been the result of these laws?

Mr. CLARK. I rather hold to the contrary and contend if we had not excluded foreign vessels from our coastwise trade we would have had no shipping at all.

Mr. HARDY. But on the other hand, under that prohibition, we have had no shipping except in the coastwise trade.

Mr. CLARK. Because we have had nothing but coastwise protection.

Mr. HARDY. What could you have?

Mr. CLARK. The only protection we might have, of course, is something that leads to a discussion I do not want to get into here—that is, the question of providing a subsidy or providing a naval reserve by means of which we could build up a merchant marine and the fisheries as an invaluable auxiliary to the Navy.

Mr. HARDY. Your idea is, then, to throw the resources of America into our merchant marine and back it with all the subsidy that a government could levy taxes to support against the resources of Great Britain?

Mr. CLARK. I asked to be relieved from entering that field of controversy at this time.

The CHAIRMAN. The point before this committee is, Shall we, as an emergency measure to meet conditions growing out of this war,

admit vessels of foreign registry to the coastwise trade? If so, under what restrictions? That is the point.

Mr. HARDY. That is what I would like to see this hearing confined to; but this gentleman goes into all these other matters.

The CHAIRMAN. I never have favored the admission of foreign-built ships to the coastwise trade, personally.

Mr. CLARK. Mr. Hardy raised the question the other day, and I want to answer that question—because the suggestion seemed to be that the movement of ships coastwise, as has been done during various administrations, from 1907 down to and including the present, was an illegal transaction. There is a distinction and a difference that I wish to emphasize to this committee. Presidents, like kings, have the inherent right to waive penalties under statutes. That being true, we may not question that inherent right to waive in an emergency those penalties in advance prescribing that there shall be no penalty. We have a good example of that inherent right of the Executive to waive provisions of law in case of emergency, for the American benefit, in the recent order which suspended the steamboat-inspection laws for a period of two years as applying to foreign vessels admitted into the American coastwise trade.

The CHAIRMAN. That is foreign-built vessels?

Mr. CLARK. Yes; foreign-built vessels.

The CHAIRMAN. Under American ownership?

Mr. CLARK. Under American ownership. That was the essential thing. It meets with the approbation of the American public because it was a pro-American proposition. The difference between an authority assumed in a case of that kind and an authority delegated by Congress, which the President makes effective by his signature, is that the latter becomes the law of the land. As such law of the land it is interpreted pro forma within the departments, without that amount of official supervision which would attach to an inherent authority which the Executive had assumed and delegated to the Shipping Board or to the Secretary of the Treasury or other department of the Government. In other words, under an assumed authority within the inherent right of the Executive, every official would be on the alert to see that absolutely nothing was done under that authority which might later subject the administration to just criticism. Whereas a blanket authority provided by Congress to admit foreign ships to the coastwise trade would likely be construed (we have as precedent the bureau's construction given to the Attorney General's ruling in the Fairbanks case, also the permitting of the bonding of domestic merchandise from Prince Rupert, which has been outlined) as implying that all foreign ships had equal right to enter our coastwise trade, resulting in failure to give due consideration to the exigencies of each particular application. And that was why I have felt that the authority already existent should be used, and that it required no further action on the part of this committee or on the part of Congress.

The CHAIRMAN. Right at that point: There is no authority now lodged in any department of this Government to admit vessels under foreign registry to the coastwise trade, and those cases that you cite were cases where the Navy chartered foreign vessels to carry coal from the east coast to the west coast for the Navy. And I question

whether they may be construed as a violation of our coastwise laws, because it was not engaging in the coastwise business. I do not know whether the coal was transferred at sea or in port, but it was from those colliers to American ships, I presume some in foreign ports and some in American ports. Have you a single instance where a ship of foreign registry was permitted to carry commercial cargo from one American port to the other since 1907?

MR. CLARK. I have a statement that was published in the New York Sun, and which I hesitate to quote because I do not know between what two ports the movement occurred. The item named a certain ship as the first foreign ship to carry coal between two American ports under the new arrangement for the use of foreign vessels in the coastwise trade.

THE CHAIRMAN. When was that?

MR. CLARK. Mr. Duff, can you give that?

MR. DUFF. That was the *Dublin Prince*, or some such name as that.

THE CHAIRMAN. Recently?

MR. DUFF. Yes; on the Lakes, between two American Lake ports.

THE CHAIRMAN. That is recently?

MR. DUFF. Yes; within the past three weeks.

THE CHAIRMAN. Yes; I have heard in the recent past a few instances of that kind have happened, and the penalty was remitted; but these cases that have been referred to, beginning in 1907, I take it that they were cases where the cargo carried in ships of foreign registry was carried for the benefit of our warships at sea, and particularly on the west coast and in that cruise around the world.

MR. DUFF. Mr. Chairman, I do not know of a single instance where a foreign ship has carried coal or any other commodity from the Atlantic to the Pacific on account of any one other than the Government. And a great many of the ships that have been named as having been engaged in coastwise trade I personally handled for the Navy Department during a period of an emergency that existed in 1913. And that was all naval business and on account of the Government.

THE CHAIRMAN. It was carried and loaded into ships on the Pacific coast, wasn't it?

MR. DUFF. Ninety-five per cent of it was discharged at San Francisco, Puget Sound, and Pearl Harbor, Honolulu.

THE CHAIRMAN. At naval stations?

MR. DUFF. Yes, sir.

MR. CLARK. I would hold that if instead of a blanket authority it were provided, as has been outlined, that on a specific showing of necessity, which need not necessarily delay or retard the movement of a ship or cargo, foreign ships should be permitted to move cargo from one American port to another, provided American tonnage was not available for the movement, it would serve every American purpose which was intended to be accomplished by this measure.

THE CHAIRMAN. I think that view is a matter that the committee will consider.

MR. CLARK. And that a specific authority would receive that same consideration which would be given an Executive order to conduct movements in that manner; whereas a blanket authority would subject the Shipping Board, and all those who had to do with the

authority, to admit foreign vessels into a general trade to annoyance from foreign petitioners.

It was suggested here the other day that Alaska should be eliminated from the provisions of this statute. Personally I believe that would be a very, very wise provision as avoiding complications which would otherwise be certain to arise later on.

If that provision were made, I am confident that should a real war emergency demand the taking of their vessels the American companies operating in Alaska would, with the permission of the Shipping Board, construct, and that quickly, seagoing barges or other vessels of wood, Diesel-engine operated, to replace vessels which the necessities of the case indicated must be commandeered. The building of such wooden ships would not in any manner interfere with the understood construction program of the Emergency Fleet Corporation.

Whatever legislation this committee may determine to be wise should be accompanied by reassurance to our coastwise shipping covering post-war conditions, and this can best be accomplished by removing all possibility of fear and distrust with consequent adverse effect upon American business by providing that the authority herein granted shall terminate 90 days after the close of the war, and that thereafter no merchandise shall be transported by water or by land and water, under penalty of forfeiture thereof, from one port of the United States to another port of the United States, either directly or via a foreign port, or for any part of the transportation, in any vessel other than a vessel of the United States.

The CHAIRMAN. What is the use of enacting legislation like that? That is the law now; and our coastwise laws have been sufficient, thus far, to keep out foreign vessels, and I do not know of any reason why we should enact such a provision as that.

Mr. CLARK. I will tell you why, Mr. Chairman. At the hearing of Thursday, when you were forced to leave to be on the floor of the House, we covered the manner of palpable evasions of those laws through technicalities, which would absolutely be prevented by such a provision as has been suggested here. It simply states that which was contemplated by the framers of the law and by the Secretary of the Treasury, who asked for the further protection of American coastwise business to American documented vessels.

Mr. HARDY. Your idea is, in this law, to get the coastwise restrictions a little more strict.

Mr. CLARK. To simply preserve those conditions as they were intended to be preserved by Congress in the passage of the act of February 17, 1898.

The CHAIRMAN. I have been a member of this committee for more than 10 years, and there has never been a suggestion from any source yet that our navigation laws in that particular were not effective and complete.

Mr. HARDY. Except from Mr. Humphrey, who said passengers would go on one of our ships to a British port; and I believe he wanted to keep them from landing there and transferring there to a British vessel.

Mr. CLARK. Mr. Chairman, in the hearing of Thursday you will find an absolutely detailed statement of how our navigation laws have been made ineffective.

The CHAIRMAN. I say the question has never been presented here to my knowledge. Of course, that local condition there between Vancouver and Seattle, I recall now that Mr. Humphrey did call attention to that.

Mr. HARDY. I take it, Mr. Chairman, that the only question before this committee is whether, for the period of this war, we will give the President the right, in case of need, to suspend those restrictions.

Mr. CLARK. There is one thing I wanted to say before I leave, and that is, lest it be implied that what I have said here is a criticism of Great Britain, I want to state that I commend the policy of Great Britain, from their angle, with reference to the conservation of British business, and that it is my belief that they are entitled to that commendation, except, perhaps, as there have been interpretations made by officials in Canada which seem to us, at least, as not exemplifying comity.

We have common cause with Canada and with Great Britain in the present struggle in Europe. We should lend every effort to bring about such successful conclusion of that struggle as will thereafter guarantee the application of the principles of the Monroe doctrine to all nations. To this end we should contribute men, money, supplies—whatever is required to insure that success. But through it all let us not forget the lessons which have been taught by the causes which led to the present struggle, but let it be axiomatic that this Nation must not give to another nation, or permit another nation to take industrial or commercial advantage which belongs by right to the people of the United States, is the source of their livelihood and the basis of their prosperity, lest as a people we ourselves become impoverished and be restricted in our ability to contribute to the welfare of others.

I previously made reference to the opening of the port of Halifax as a means of diverting business from American ports to and through Canada. When the opening of the port of Halifax was announced most American newspapers hailed it as a boon to American shipping. I shall here file, however, a published statement which more nearly conforms to the correct analysis and details some of the resultant adverse effects upon this country.

(The article is as follows:)

LLOYD-GEORGE PLANS BLOW TO AMERICAN SHIPPING IN DEVELOPMENT OF HALIFAX—WITH BRITISH LINES MAKING CANADIAN PORTS WESTERN TERMINI, NEW YORK WOULD BE SERIOUSLY AFFECTED—PROJECT PART OF HERALDED PLAN FOR NATIONALIZATION OF OCEAN COMMERCE.

WASHINGTON, Monday, January 1.

The commercial interests of the United States, more especially as they are represented among the manufacturers and exporters, are taking a keen interest in the plan the new British premier, David Lloyd-George, is said to be making affecting shipping between the United States and Great Britain.

The plan, as announced in recent European dispatches, is to make Halifax, and presumably other Canadian harbors on the Atlantic coast, the western termini of certain large British steamship lines, thus decreasing the importance of New York City as a shipping center, as these lines now have the American city as their western port of entry.

One of the main purposes of the new policy seems to be the upbuilding of Canada as a return for the heroic service it has rendered the empire in the present war. The Cunard and the White Star Lines are among those to dock at Halifax instead of at New York when the new policy has been worked out.

WILL AFFECT WHOLE COUNTRY.

This plan to develop Canadian ports at the expense of New York, it is predicted, will affect not only that city, but the entire United States. Large sums of money are being expended in the upbuilding of the Canadian harbors referred to, and the plan is to prepare them for permanent use. This is said to indicate that the British Government is not working out its new plans with any reference to the ending of the war.

Halifax, under the new deal, it is predicted, will become one of the great world ports. Millions of dollars are being expended there at this time in the extension of dock facilities and railroad terminals. The Canadian Pacific, it is announced, is building huge grain elevators at St. Johns, while that line and the Canadian Northern, the Grand Trunk Pacific, and the Intercolonial have terminals both at St. Johns and at Halifax. North Sydney is also to be made a port of importance.

TO AVOID SUBMARINES.

One of the objects of the British Government in making this new arrangement is to avoid submarine dangers along the American coast. The other, as already has been stated, is to develop Canada by transferring the business of the big trans-Atlantic lines to her ports. It may be that the threat of an embargo on foodstuffs and munitions from this country has had something to do with the decision of Lloyd-George to consider making this sweeping change. It is thought to be certain that the refusal of the United States to admit armed merchantmen to its ports, and the further refusal to exclude German submarines, has had something to do with it. The ships of the Cunard and the White Star Lines are to be armed with 6-inch guns fore and aft, and a patrol of swift cruisers is to be established on the line between Halifax and Liverpool.

This new policy will necessarily bring about radical changes in traffic routes from this country. Grain from the West, whether originating in Canada or the United States, will be carried to Halifax on the Canadian railways. Munitions will be conveyed in the same manner, thus avoiding the German-submarine peril off the American coast. American travelers, at least during the continuance of the war, will perhaps find their accommodations greatly restricted and their routes disarranged.

FOR SOUTH AMERICA.

The British Government, it is further stated, has also completed arrangements for the establishing of a new route from London to Buenos Aires and Rio de Janeiro. Car floats will convey trains across the English Channel, whence they will run to Gibraltar, there to be floated across the strait of that name to North Africa. A railroad will be built from the strait to Tradestown, Liberia, the port of departure for Pernambuco, only 1,500 miles distant across the Atlantic. Rail lines to Rio and Buenos Aires will complete the route.

A number of years ago, and at intervals since, this route has been discussed in an academic way by experts both in this country and in Europe, and now the stern necessities of war have made the proposition a practical thing. When it is in operation the British will virtually control all commerce to and from South America.

The declared object of the change on the North Atlantic is to provide a shorter route for vessels between American and British shores, to minimize the dangers from submarines, and to secure greater freedom of armament for protection than the American neutrality laws permit. If this is all, New York may recover this trade after the war, when conditions are again normal; but the fear is expressed that the change may be permanent, in which event New York will suffer an irreparable injury.

Even a temporary transfer of the British shipping, it is pointed out, will cause New York heavy losses. This is plain from the suspension of the German transatlantic service at the outbreak of the war, which caused a serious check

in the harbor activities. This loss was perhaps more than compensated by the extraordinary rush of transportation a few months later when munitions orders began to be filled, yet the suspension of the German lines was severely felt, and a transfer of the British lines to Halifax would leave New York in a sadly depleted state as a port.

One effect of the wholesale transfer of British shipping to Canadian ports, it is predicted, will be a shortage of shipping at New York, and American shipyards may thrive accordingly. Evidently the carrying out of the British plan on a permanent basis would mean that the United States must go ahead and develop its own shipping in preparation for the sharpest and most powerful governmental competition. This condition, while growing out of the war, would not end with the war, say the experts.

The new United States shipping board will early have this matter to consider. If present allied plans can be carried out, the allied Governments are to assume full charge of their mercantile marine, and ocean carriage is to be no longer a matter of competition between individuals or corporations, but competition between Governments, which can change maritime laws overnight, revise tariffs, impose port restrictions, and otherwise discriminate against other nations.

#### WOULD AFFECT CANAL.

A permanent shift from New York to Halifax, it is further stated, could not fail to affect the use of the Panama Canal, notwithstanding the higher cost of transportation across the continent. This, however, can not be reckoned exactly, at in the last adjustment trade will seek the best routes, which means not only the shortest or the most politic but the cheapest. An all-British line from England to the Orient would, in competition with the canal, be at a disadvantage, unless Great Britain should resort to subsidies.

The situation is thus seen to be of the utmost importance, not only to New York but to the entire United States, for anything that would harm that city would react upon the country as a whole. The moment it is seen that the Lloyd-George plan is to be carried out in detail, as outlined in the press dispatches of the past 10 days, Congress will begin to bestir itself. Bills will be presented providing for an American merchant marine, perhaps owned by the Government, certainly controlled by it, and there will be a hurried campaign of education that, it is believed, will awaken the country to the situation confronting it.

#### COULD NOT DELIVER.

If the British ships should be taken away from New York, Boston, Philadelphia, and Baltimore, say the experts, the situation would be akin to that presented by a big department store which, having no delivery wagons of its own, had been depending upon those of other people and suddenly found itself left in the lurch, the hired wagons having been withdrawn for other service. What the department store ought to have is delivery wagons of its own, and what the United States ought to have is a merchant marine of its own.

This legislation would have been enacted years ago but for the hostility of the interior sections of the country, which, having no harbors to defend and no shipping to look after, have steadily opposed the upbuilding of a merchant marine. The force of the lesson to be taught by the carrying out of the British plan as outlined in this dispatch, it is predicted, will reach even the interior of the country and cause it to see that anything affecting either coast adversely must affect it in the same way.

I would also direct the attention of the committee to the \$2,000,000,000 shipping combination or pool completed in Great Britain for the purpose of eliminating competition and reducing expenses of operation below the normally exceptionally low costs as compared with American shipping—this to be brought about through eliminating duplications in agencies and service, and accomplishing generally those very things which the laws of this country have endeavored to restrain American interests from accomplishing, i. e., elimination of competition.

Consider the announced plan of Britain with reference to making North American fisheries pay \$180,000,000 a year of her war debt.

Consider the enormous combination of British shipping to enable them better to compete with foreign interests. Consider the opening of Halifax and the successful effort to provide Canadian railways a balanced traffic by methods which produce for United States railways congestion on one side of the Continent and car shortage on the other.

Consider the quoted statement of Mr. Benson, noted British marine engineer, with reference to Britain's coaling stations and the importance to other nations, particularly the United States, of giving heed to the necessity for providing Diesel ships which would be independent of any adverse British policy with reference to coaling foreign ships when the war shall have ended.

These are the days of enormous undertakings, by nations as well as by individuals, days when nations now engaged in war, and their great men are considering, as they have the right to consider, post-war conditions, and are planning for successful commercial competition with other nations when the war shall have ended.

In view of these facts it behooves every representative of the American people, however great or humble, to give the most careful scrutiny to any and every suggestion for the lessening of the tension of the cords which have bound American industry and American commerce to the American people.

As never before in its history this country needs "Minute men"—minute men of American commerce—who shall steadfastly contend for the preservation of American commerce and industry, so necessary to insure for the people of this country their rightful place among the nations of the world in the peace which shall ensue.

Mr. HARDY. Let me make one statement; I do not know whether it is necessary for your benefit or not: Whenever an independent proposition comes before this committee, showing that any nation is discriminating against our shipping I am willing to take that up as an independent proposition and do to them just what they do to us, and a little bit more if necessary. But I do not like to see this extraneous discussion brought in here, in the way of abstract legislation on another matter. This is simply a question of whether, during the pendency of this war, the President should be allowed to suspend, in case of need, our restrictive legislation as to the coastwise trade, for the benefit of our internal commerce. That is all there is to it. Now, if you have other complaints to make against Canada, or against England, as to her treatment of our commerce, present them in some bill with a proper remedy and we will go into them; and I will go into them on my part with a view of hitting them just as hard as they are hitting us.

Mr. RODENBERG. Meanwhile the damage would be done while we were effecting a remedy.

Mr. HARDY. If there is cause for complaint, present it here; but let us go at that in a proper way as an independent matter.

Mr. CLARK. In my presentation of the facts that I have placed before the committee, I have attempted to deal with only those things which were urged as necessities for this legislation and have shown that from without there were influences at work in harmony with this legislation claiming they were expecting to receive the benefits.

Mr. HARDY. I know you spoke of influences from without; but I do not think this committee knows anything about from the with-

out. We know there has been a condition and are trying to remedy the evils of the conditions that exist for us. Now, if you have any measure or legislation to prevent discriminations against us, present it; I would like to see it presented.

Mr. CLARK. I thank the committee for its courteous consideration accorded my statement.

Mr. HADLEY. Mr. Chairman, I want to put into the record two telegrams and a communication. I want to read this telegram to the committee while this last point under discussion is in the minds of the committee. This is a telegram from the Seattle Chamber of Commerce and Commercial Club, and I read it because it is a very representative organization. The chairman, I think, knows that there were, for a long time, two organizations, but that those have now been merged into one body.

The CHAIRMAN. It used to be the Chamber of Commerce and the Commercial Club?

Mr. HADLEY. But it is one combined organization now. There is not a commercial club independently, any more. The telegram reads:

We earnestly urge that Fletcher resolution—

And that is the same as we have under consideration here, I understand, or substantially so—

be changed to read:

*Resolved*, That during the present war emergency the President may, if in his opinion the interests of the United States so require, permit by proclamation vessels of foreign registry to engage in the coastwise trade of the United States under charter to existing coastwise lines upon certificate of necessity caused by the direct office of the Federal Shipping Board."

This is particularly important to our interests and American shipping companies, as representatives of Canadian steamship lines openly boasting that they will soon be carrying freight from American ports to Alaska.

That is simply in corroboration of many statements that have been made.

I have also a telegram from Mr. Frank M. Warren, who is president of the Association of Pacific Fisheries. It comes in the name of that association. The members of this committee will remember Mr. Warren very well from his appearance here before the committee last year on the fisheries bill. I will not take the time to read the telegram, because it is substantially a statement in a very much congested form.

Mr. HARDY. I wish you would read it, because I am afraid we won't get a chance to read it otherwise while it is fresh.

Mr. HADLEY. All right, I will read it:

Understand Shipping Board contemplates commandeering larger American vessels Alaska fleet and that Alexander bill (House) and Fletcher bill (Senate) would provide authority to admit foreign vessels into American coastwise trade. This would leave handling products Alaska to Canadian Pacific, Grand Trunk, or other foreign vessels and smaller American craft. Would respectfully call your attention to importance of output of Alaska fisheries as food supply and necessity of maintaining tonnage for handling. Last year there were shipped on common carriers about 2,300,000 cases canned salmon, besides salmon and fresh fish handled by private carriers. The tonnage this year should be fully as great. We doubt if the size of American vessels involved would be of sufficient value for other purposes to justify jeopardizing the handling of this important food product, to say nothing of permitting its diversion to foreign bottoms whose interests are linked with Canadian railroad enterprises, and which would tend to divert traffic to detriment of American interests at a time when our

interests need support for the final part they must bear now and later in connection with the war. We trust you will protest against needless or hasty action to detriment of this country's interests.

The telegram is dated August 9 at Portland, Oreg., where Mr. Warren lives.

I have also a letter which touches upon a point that has not been developed here, I think, in the hearing, from the Marine Engineers' Beneficial Association, No. 38, Seattle, signed by the president and secretary of the association. It reads:

We note by the Daily Press that Senator Fletcher has introduced a bill admitting foreign ships to coastwise traffic.

We, as representatives of an organization of 800 licensed marine engineers at Seattle, Wash., have been instructed to vigorously protest against the passage of any legislation that would admit foreign ships to our coastwise trade; unless it is understood and made a part of the bill that such foreign ships be officered by citizens of the United States to the absolute exclusion of aliens, even though they might be termed friendly allies.

Investigation will indicate that there are several thousands of licensed marine officers both in the deck department and engineer's department, who are either unemployed or are following some other vocation to earn a living, and these, together with the educational program of the United States Shipping Board in any emergency that might be created in coastwise shipping, can be readily taken care of.

The people we represent are all citizens of the United States and contribute, either directly or indirectly, in the expense of distributing the products in our coastwise traffic and feel that the operation of ships in coastwise trade, so far as officers are concerned at least, should be preserved and confined to citizens of the United States.

The letter is signed by C. S. Follett, president, and W. B. Jackling, corresponding secretary. I do not think that point has been touched upon in the hearing. I thought I would file the letter anyway as a part of the hearings.

(Thereupon, at 11.50 o'clock a. m., the chairman announced the hearings as closed, and the committee went into executive session.)



